

July 17, 2024

Good Morning,

The US Consumer price index (CPI) fell in June for the first time in more than 4 years. Investors have cheered the news and we've seen both stock and bond prices rally strongly in the past week. Stocks, especially big companies, have had strong year and we would not be surprised by a pullback soon. As interest in the big tech stocks has stalled, small company stocks have rallied sharply. This rotation in investor sentiment is great example of why diversification is so important to portfolios.

According to polling data, the economy ranks as the number one concern of registered voters with respect to the upcoming US election. Candidates, campaigns, and voters give way too much credit to presidential influence on the economy. In reality, economic cycles are measured in years and the state of the economy under one administration is likely a result of monetary and fiscal policy from several years prior. The Fed controls monetary policy (interest rates), and Congress controls fiscal policy (taxes and spending). The president always tries to take credit for the good times and blames the prior administration for the bad. Believe it or not, presidents have little to do with inflation or taxes, and they don't create non-government jobs.

Major League Baseball has reached the All-Star break, and the Cincinnati Reds are 3 games under .500 – not as bad as they looked a month ago. The highlight of the 1st half of the season was their recent series in New York. The Reds, with their \$90 million payroll swept the Yankees (\$305 million) in a three-game series. Red Sox fans, you're welcome.

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http://www.commonwealth.com/RepSiteContent/weekly_comm/commentary_redirect.htm

As always, if you would like to discuss this or anything regarding current market conditions or your portfolio, feel free to contact me at any time.

Have a great week,

Wade

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