TheDiamondGroup
WEALTH ADVISORS

Weekly Focus – Think About It

"Responsibility to yourself means refusing to let others do your thinking, talking, and naming for you; it means learning to respect and use your own brains and instincts; hence, grappling with hard work."

—Adrienne Rich, poet

THE MARKETS

WHAT WILL THE FEDERAL RESERVE DO?

Uncertainty about the direction and timing of Fed rate cuts is causing stock markets in the United States to charge and retreat. U.S. stocks rallied for five consecutive months (anticipating rate cuts early in 2024) before retreating in April after higher-than-anticipated inflation suggested the Fed might delay any rate reductions.

Markets retreated early last week on concerns the Fed might take a more hawkish tone following the Federal Open Market Committee (FOMC) meeting – but it did not. Following the meeting, the FOMC release stated:

"Recent indicators suggest that economic activity has continued to expand at a solid pace. Job gains have remained strong, and the unemployment rate has remained low. Inflation has eased over the past year but remains elevated. In recent months, there has been a lack of further progress toward the Committee's 2 percent inflation objective…The Committee does not expect it will be appropriate to reduce the target range until it has gained greater confidence that inflation is moving sustainably toward 2 percent."

While the Fed left its rate policy unchanged, it eased a bit using a different policy lever. "…[FOMC] policymakers gave a green light to slowing the pace at which the Fed is shrinking its Treasury holdings, which may modestly work against the rise in market interest rates," reported Jed Graham of *Investor's Business Daily*.

Markets found the Fed's moderate tone encouraging, and optimism expanded after the U.S. employment report suggested the labor market might be cooling off.

"The indexes bounced back from early-week lows after the employment report revealed that the U.S. added fewer jobs than expected in April—but enough to indicate a still-growing economy. For now, that could help keep a lid on inflation, prevent the Federal Reserve from needing to raise rates again, and maybe even allow it to cut them," reported Jacob Sonenshine of *Barron's*.

Major U.S. stock indices finished the week higher, according to *Barron's*. The U.S. Treasury market rallied, too. Yields on longer maturities of U.S. Treasuries moved lower over the week.

Data as of 5/3/24	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	0.6%	7.5%	25.3%	6.9%	11.7%	10.5%
Dow Jones Global ex-U.S.	1.6	3.3	8.9	-2.0	2.9	1.8
10-year Treasury Note (Yield Only)	4.5	N/A	3.4	1.6	2.5	2.6
Gold (per ounce)	-2.1	10.4	13.9	8.5	12.4	5.8
Bloomberg Commodity Index	-1.5	2.7	-0.2	3.7	4.9	-3.0

S&P 500, Dow Jones Global ex-US, Gold, Bloomberg Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; the DJ Equity All REIT Total Return Index does include reinvested dividends and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods. **Sources**: Yahoo! Finance, Barron's, djindexes.com, London Bullion Market Association. Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

WHO'S YOUR BENEFICIARY?

Beneficiaries are the people who will inherit your assets –savings and investment accounts, life insurance policies, homes, cars, and other possessions. In general, there are two ways to name beneficiaries. You can:

- **Designate a beneficiary on an account.** For example, when you signed up for a retirement plan at work, you were probably asked to name a primary (and, sometimes, a secondary) beneficiary for the account. If you have life insurance or a health savings plan at work, you probably named beneficiaries for these accounts, too.
- **Name an heir in your will**. As part of the estate planning process, people write wills that indicate who should inherit various assets.

What many people don't understand is that designated beneficiaries trump wills.

"Wills are malleable documents, subject to interpretation from probate court and contestable by family members demonstrating an interest in your estate (even if you don't list them in your will).

Conversely, your contract with a financial institution creates an unimpeachable beneficiary designation. The financial company and relevant laws ensure your beneficiary will receive payment, even if other family members try to claim the benefit," reported Ashley Kilroy of SmartAsset.

If you're itching to go online and see who you named as the beneficiaries for various accounts, you should. It's important to review your financial accounts – life insurance policies, retirement plan accounts, health savings accounts, and investment and bank accounts – and confirm that the correct beneficiary is named.

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The good news is that checking designated beneficiaries is easier than it used to be. Just log in to your account. If your designation is outdated, you may be able to update the information by completing a beneficiary change form. If you have any questions, get in touch. We're happy to help.

Best regards,
Marilyn Suey

P.S. Please feel free to forward this commentary to family, friends or colleagues. If you would like us to add them to the list, please reply to this email with their email address and we will ask for their permission to be added.

Sources:

* The Dow Jones Industrial Average (DJIA), commonly known as "The Dow," is an index representing 30 stock of companies maintained and reviewed by the editors of The Wall Street Journal.

* The NASDAQ Composite is an unmanaged index of securities traded on the NASDAQ system.

* International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets.

* Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.

* The risk of loss in trading commodities and futures can be substantial. You should therefore carefully consider whether such trading is suitable for you in light of your financial condition. The high degree of leverage is often obtainable in commodity trading and can work against you as well as for you. The use of leverage can lead to large losses as well as gains.

* Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance.

* Economic forecasts set forth may not develop as predicted and there can be no guarantee that strategies promoted will be successful.

* Past performance does not guarantee future results. Investing involves risk, including loss of principal.

* The foregoing information has been obtained from sources considered to be reliable, but we do not guarantee it is accurate or complete.

* There is no guarantee a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.

* Asset allocation does not ensure a profit or protect against a loss.

* Consult your financial professional before making any investment decision.

* To unsubscribe from the **Your Weekly Journal** please email us at marilyn.suey@diamondgroupwealthadvisors.com

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