

October 10, 2024

Good Afternoon,

While stocks continue to inch higher, we are watching the bond market more closely. The 10-year Treasury yield moved above the 4% mark for the first time since August as the fixed-income market adjusts to the economy's surprisingly strong job growth in September. That strength has reduced the likelihood of a bigger 50-basis point interest rate cut at the November Fed meeting. As a result, bond prices have slumped over the past two weeks. September data show that inflation continues to decline, although not as much as forecasted.

But on balance, this is an instance to see the forest through the trees. Fewer interest rate cuts because the economy is doing better than everyone thought isn't a bad thing. If asked to pick between more interest rate cuts or a better economy, most economists (and investors) will pick the stronger economy. And we should always be looking for a stronger economy because that's what drives stock prices and creates wealth. Signs continue to indicate that the Fed has engineered a soft landing.

As the election gets closer, we are frustrated that neither candidate is addressing the Federal deficit – which reached \$1.8 trillion for fiscal year 2024. That brings the US debt to more than \$35 trillion. This is a ball and chain to be left to future generations of Americans who will pay more for interest on the debt, leaving less for social security, Medicare, Medicaid, education, and defense. While our debt could seriously threaten the health of our economy and the strength of the US dollar, both parties appear to have deficit attention disorder.

Please visit our website at www.canfg.com or the link below for the last Market Update from Commonwealth Financial Network® – the broker/dealer that supports us in helping you manage your financial life.

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 weekend, and let's get the Bills back on track!

Wade

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