TheDiamondGroup
WEALTH ADVISORS

Weekly Focus – Think About It

"Why do you go away? So that you can come back. So that you can see the place you came from with new eyes and extra colors. And the people there see you differently, too. Coming back to where you started is not the same as never leaving."

—*Terry Pratchett, author*

THE MARKETS

The Labor Market Just Keeps Growing…And Growing…

Last week, the April employment report for the United States arrived. It showed that unemployment dropped to the lowest level in more than 50 years – 3.4 percent. Other highlights included:

- **The creation of 253,000 jobs in April**. That was well above consensus estimates, according to Catarina Saraiva and Steve Matthews of *Bloomberg*.
- **The highest workforce participation rate since 2008**. This is the percentage of Americans who are either working or looking for a job, reported Megan Cassella of *Barron's*.
- **The lowest unemployment rate for black workers ever**. By race, the April unemployment rate was 2.8 percent for Asian Americans, 3.1 percent for white Americans, 4.4 percent for Hispanic Americans, and 4.7 percent for Black Americans.
- **Average hourly earnings rose 4.4 percent year-over-year.** Wage growth may be one reason inflation remains higher than the Federal Reserve would prefer, according to a source cited by *Bloomberg*.

There were signs that the labor market growth might be slowing down. The number of jobs created in February and March were both revised lower.

The Federal Reserve will be weighing the strengths and weaknesses of the labor market, as well as other data, as it makes future rate hike determinations. Last week, the Fed raised the federal funds rate from 4.83 percent to 5.08 percent, and Chair Powell suggested it could be the end of the tightening cycle, reported Jeff Cox of *CNBC*.

“As the Federal Reserve works to rein in inflation, the labor market’s confounding durability has given central-bank officials space so far to keep interest rates in restrictive territory without having to worry about widespread layoffs or acute economic pain,” reported *Barron’s*.

Last week, major U.S. stock indices finished the week with mixed performance, reported *Barron’s.* Yields on most U.S. Treasuries moved lower over the week.

Data as of 5/05/23	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	-0.8%	7.7%	-0.3%	13.0%	9.1%	9.8%
Dow Jones Global ex-U.S.	0.3	7.5	1.6	8.1	0.1	1.8
10-year Treasury Note (Yield Only)	3.5	N/A	3.1	0.7	3.0	1.8
Gold (per ounce)	0.9	10.4	5.7	5.6	8.9	3.3
Bloomberg Commodity Index	-1.3	-8.7	-22.2	18.2	2.8	-2.5

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.

Travel Is Back!

After three years of COVID-19 lockdowns, airline staffing shortages, last-minute flight cancellations and high car rental costs, Americans are returning to the roadways and airways this year. An *AARP* survey found that 62 percent of Americans, ages 50 and older, plan to take at least one trip this year and some plan to take three or four.

It’s a boon to the travel industry as Americans are expected to spend more on travel in 2023 than they did before the pandemic, according to a source cited by Becky Pokora of *Forbes*. In April, the U.S. Travel Association reported that spending is up 4 percent, although it may be leveling out as spending on airfares and hotels retreated a bit in April.

Americans plan to spend about $6,600 on travel this year, and many are cost conscious and wary of inflation, according to the AARP. Nevertheless, most people aren’t putting their vacation plans on hold. In fact, with the strong U.S. dollar working in Americans’ favor, heading overseas just might be the way savvy travelers can get the most for their money. The dollar and euro have been nearly equal in value, and currency exchange rates are making a host of other countries – across the Americas, Asia and Europe – attractive destinations.

Where does the U.S. dollar go the farthest? According to Quincy Williamson of *Kiplinger*:

- In Europe, the answer may be Greece and Portugal.
- In the Americas, look to Mexico, Costa Rica, Peru, Argentina and Chile.
- In Asia, Japan, Thailand and Vietnam are the most affordable countries to visit.

While traveling abroad may be attractive from a financial point of view, the AARP survey found that just 40 percent of survey respondents plan to head overseas this year. That could prove to be a benefit if popular destinations are less crowded. Whether you prefer cities, beaches or rainforests, international travel could be just the ticket this year.

Best regards,
Marilyn Suey

Sources:

* 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 “Enter the name of your commentary” please click here or write us at “Your Address Here”.
* To unsubscribe from the “Enter the name of your commentary” please reply to this email with “Unsubscribe” in the subject line or write us at “Your Address Here”.

https://www.bls.gov/news.release/empsit.nr0.htm
https://www.bloomberg.com/news/articles/2023-05-05/hot-jobs-report-raises-odds-fed-keeps-rates-higher-for-longer#xj4y7vzkg (*or go to* https://resources.carsongroup.com/hubfs/WMC-Source/2023/05-08-23_Bloomberg_Hot%20Jobs%20Report%20Raises%20Odds%20Fed%20Keeps%20Rates%20Higher%20Longer_2.pdf)
https://www.barrons.com/articles/april-jobs-report-today-a004fa27?mod=hp_LEAD_1 (*or go to* https://resources.carsongroup.com/hubfs/WMC-Source/2023/05-08-23_Barrons_Jobs%20Growth%20Is%20Robust%20But%20April%20Data%20Also%20Hints%20at%20a%20Slowdown_3.pdf)
https://www.newyorkfed.org/markets/reference-rates/effr
https://www.cnbc.com/2023/05/03/fed-rate-decision-may-2023-.html
https://www.barrons.com/market-data?mod=BOL_TOPNAV (*or go to* https://resources.carsongroup.com/hubfs/WMC-Source/2023/05-08-23_Barrons_Data_6.pdf)
https://home.treasury.gov/resource-center/data-chart-center/interest-rates/TextView?type=daily_treasury_yield_curve&field_tdr_date_value_month=202305
https://www.aarp.org/research/topics/life/info-2023/2023-travel-trends.html
https://www.forbes.com/advisor/credit-cards/travel-rewards/travel-trends-predictions-2023/
https://www.ustravel.org/research/monthly-travel-data-report
https://www.kiplinger.com/personal-finance/spending/cheapest-countries-to-travel-to;
https://www.kiplinger.com/personal-finance/spending/best-places-to-visit-where-the-dollar-is-strong
https://www.goodreads.com/quotes/tag/travel