Hello everyone and welcome to the FCS Private Wealth Management second quarter update.

To put things in perspective, the market continues the uptrend which started on March 23, 2020 when it bottomed after the pandemic. As of April 9th, the S&P 500 is up 87.36% above 2191 which was the level it bottomed at on March 23, 2020. As a long-term investor, these are the kind of trends you want to focus on and not the short term noise the media blasts at you every day.

The markets last peak was on January 4th, 2022 at up 119% from the March 23, 2020 low and as it typically does after a big run up in a short period of time, the market has what we call "backfilling" which is what we've been going through since January 4, 2022.

From the peak, the market did eventually pullback 27.54% bottoming on October 13th of 2022. On that day we had what's called a major reversal which almost always signals a bottom, and since then we've continued to trend up and are currently up 17.59% above that low.

The uptrend continues to track a very typical pattern that we have seen many times since World War II where the average return over the 12 months after the market makes a low is +29% over the next 12 months when there is not a recession, which to date we have not had a recession although there is a lot of talk about it. And while the economy will slow down which is what the Fed is trying to do, the market is not pricing in a recession, or at the very worst a mild one.

The Federal Reserve probably will raise rates one more time a quarter of a point at their next meeting, May 3. And while there's a lot of time between now and then and we will get a lot more data before then so they may not raise rates again, but the futures market is currently telling us that the highest probability is that they will raise rates a quarter of a point.

Jay Powell said after his last meeting that he did expect that by the end of 2024 the fed funds rate would be back down to 4.1% which would be a full percentage point down from where they'll peak if they raise rates one more time in May, and he went on to say he thought rates would be down to 3.1% by the end of 2025 which would be a 2% drop. So not only are we close to the hiking cycle being done, but that interest rates will start coming back down sometime in 2024 which is typically bullish for the market.

It has been my experience over my 34 years that the market tends to follow past trends and the last time the federal reserve was fighting inflation as aggressively as they are today was back in the early 80s and Paul Volker was raising rates. This chart shows what happened to the market once they were done raising rates back then and we compare it to the same time frame with what the current Federal Reserve has done. You can judge for yourself if the trends are similar, but I think they are.

As always for our clients that are long-term investors, you have to recognize that according to Thomson Reuters, since 1928 the market goes up 74.47% of the time, but 25.53% of the time it’s going to go down so you should never be surprised when it happens. But if you want the 75% upside potential, you have to be willing to endure the 25% of the time the market is down.

Always remember according to Guggenheim Partners, since 1946 on average the market pulls back 5% to 10% once a year, 10% to 20% once every 2 and half years, 20% to 40% about every eight and half years and over 40% once every 25 years. So we plan for it, we expect it, and you should never be surprised by it, that is why we always have a reserve in fixed income so that you should never have to sell equities in a down market and enjoy the long term uptrend. If you have any questions or concerns about your portfolio, give us a call to help ensure that it is structured to pursue your personal objectives.

Have a great day and thank you for your trust!