

2nd Quarter 2023



## THE WATER STREET JOURNAL DANIELLE VALLEAU

Financial Advisor

Securities offered through Raymond James  
Financial Services, Inc. Member FINRA/SIPC

Guiding and giving direction through all  
of life's adventures...

*"When I was a boy of 14, my father was so ignorant, I could hardly stand to have the old man around. But when I got to 21, I was astonished at how much the old man had learned in seven years." ~Mark Twain*

### Staying In Touch

#### CALENDAR OF EVENTS

#### OUR OFFICES WILL BE CLOSED:

MONDAY MAY 29  
MONDAY JUNE 19

#### THE MARKET WILL BE CLOSED:

MONDAY MAY 29  
MONDAY JUNE 19

#### ANNETTE WILL BE OUT OF THE OFFICE: JUNE 12 – 16

### Did You Know?

#### The all-new Client Access mobile app is here. Secure. Optimized. Intuitive.

Having all your key financial information in one place doesn't just make life more manageable, it gives you more time to do what you enjoy. When Raymond James set out to update the Client Access mobile app, they made it a priority to put enhanced usability and personalization at the forefront. That way, you get the level of service and the essential tools to help you pursue your goals. The all-new mobile app is optimized specifically for iOS or Android devices, featuring intuitive design, personalized insights and an improved user interface.

#### WHAT'S NEW?

- Improved, more intuitive user interface
- Customizable dashboard
- Streamlined access to your key financial information
- Functionality that improves your relationship with your advisor

Realize the new features and benefits available at your fingertips!

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## From Danielle's Desk:

### April market review

Though equities have proven resilient, more of the long-expected effects of the Federal Reserve's (the Fed's) rapid interest rate-raising policy arrived in April.

"After nearly 500 basis points of tightening, cracks in the labor market and economy are starting to show," said Raymond James Chief Investment Officer Larry Adam. "This combination of decelerating economic growth and lowering inflation suggests the Fed is near the end of its most aggressive tightening cycle in over 40 years."

With so many major, contrary currents driving the market, this seems like a good opportunity to answer some of the bigger questions:

**Q:** What's the market's consensus on the Fed's next move?

**A:** It's expected the interest rate-setting committee will raise rates by about 0.25 percentage points in May, bringing it to 5.25%. The market seems to expect a rate cut by the end of the year; my expectation is that the Fed will hold the rate.

**Q:** What is the story on inflation?

**A:** It continued to recede through April as it has for the prior nine months and is at 5.0% on a year-over-year basis.

**Q:** Are we still expecting a recession?

**A:** The Fed projects a shallow recession will begin in the third quarter. Economic growth slowed in the first quarter, credit continues to tighten and new hire numbers are strongly diminished compared to last year. Though far from painless, the Fed's expectation is that a recession may be an antidote to the declining, but still persistently high, inflation rate.

**Q:** Are more banks at risk?

**A:** The Fed's interest rate policy has created challenges for some regional banks as depositors seek better yields from short-term, government-backed Treasury bills and other types of funds. On May 1, First Republic Bank became the third bank to fail in two months and was purchased by JPMorgan in a deal brokered by the Federal Deposit Insurance Corporation. Expect this to be a continuing area of concern, though not at the level of threat feared in March.

**Q:** Will the Fed lower interest rates if the economy slumps?

**A:** This is a central question. I think "hike and hold" will be the Fed's strategy to avoid the "stop and go" strategy that may have prolonged the inflation crisis of the 1970s, but this doesn't appear to be the market's prevailing opinion.

Let's look at the major indices so far this year and dive into some other areas of interest.

|                                | 12/30/22<br>Close | 4/28/23<br>Close* | Change<br>Year to<br>Date | % Gain/Loss<br>Year to Date |
|--------------------------------|-------------------|-------------------|---------------------------|-----------------------------|
| DJIA                           | 33,147.25         | 34,098.16         | 950.91                    | +2.87                       |
| NASDAQ                         | 10,466.48         | 12,226.58         | 1,760.10                  | +16.82                      |
| S&P 500                        | 3,839.50          | 4,169.48          | 329.28                    | +8.59                       |
| MSCI EAFE                      | 1,943.93          | 2,143.38          | 199.92                    | 10.28                       |
| Russell 2000                   | 1,761.25          | 1,802.48          | +41.23                    | +2.34                       |
| Bloomberg<br>Aggregate<br>Bond | 2,048.73          | 2,099.64          | +50.91                    | +2.48                       |

\*Performance reflects index values as of market close on April 28, 2023

### Inversion at a historic scale

With short-term rates higher and intermediate-term to long-term rates down, the Treasury yield curve – comparing 10-year and 3-month notes – peaked in April at a -172 basis point inversion. During the Great Recession, the curve inverted -64 basis points at its peak. This has contributed to the challenges facing small banks. The current yield inversion has persisted for 184 days, nearing the length of the inversion prior to the 2001 recession. However, it is still far shorter in term than the inversion preceding the Great Recession, which lasted 337 days.

### Debt limit approaches "X-date"

With the limit of the Treasury's "extraordinary measures" to pay the nation's debts projected to come as early as June, House Republicans passed a legislative package that would suspend the debt limit through March 2024, or by \$1.5 trillion, whichever comes first. The bill, which sets spending cuts, budget growth caps, regulatory easing for energy producers and the reversal of several key Biden administration priorities has little chance in the Senate, but it does represent an opening of negotiations so as to avoid major damage to the U.S. economy and creditworthiness if a deal is not reached.

### Germany goes non-nuclear

Germany shut down its last three nuclear power plants in April, completing a wind-down plan enacted in 2011 and ending a 60-year run of production. Worth noting is that concurrently, Germany disentangled itself from Russian natural gas, which prior to Russia's invasion of Ukraine had been seen as the Kremlin's geopolitical trump card.

### The U.K. inflation problem

March consumer price data, released in April, confirmed that the U.K. economy is enduring a rate of inflation comfortably, well in excess of that of Western Europe and further above that of the United States than at any time since data in its current iteration began in 1989. Further, it has proven "stickier" than in other nations. Though tight labor markets are not unique to the U.K., its difference in result may be ascribed to the lingering effects of Brexit, with migrant workers returning home, and the lingering effects of the pandemic.

### The bottom line

The Fed's goal of reducing inflation by slowing the economy has been expected to induce a recession, though its arrival has been delayed by market and economic resilience, as well as wage growth and a tight labor market.

If April is an indication, however, we may be on track to see the third-quarter arrival estimate come to fruition. Still, despite layoffs and slowing economic growth and hiring, high wage growth remains a counterpoint.

Continued on page 3

It's easy to get lost in the daily headlines, particularly if they're negative. As has been the case through this complex, unprecedented pandemic and post-pandemic period, I will continue to look at your long-term and focus on your goals.

Thank you for your continuing trust and partnership. If you have any questions about this letter, the market or your financial plan, please do not hesitate to reach out.

*Danielle*

Material created by Raymond James for use by its advisors

## Celebrate Our Armed Forces and Their Families

Every day, American service members and their families make the selfless decision to help defend our freedoms and safety around the globe. Military life often involves huge sacrifices – whether it's relocating far from family and friends, or service members' spouses giving up their own careers to keep their family unit together.

To officially recognize contributions and sacrifices made by military personnel and their families, Congress passed a resolution in 1999 declaring the month of May Military Appreciation Month.

This year, we would like to take a moment to bring attention to Military Spouse Appreciation. Military spouses play a hugely important role in supporting home life, especially while their loved ones are deployed on active service. It's not uncommon that they sacrifice their own personal and professional aspirations to put their families first. In more ways than one, spouses are the backbone that supports family life.

There are countless ways to show your appreciation and give back to our veterans, active military personnel and their families. One of the simplest ways of showing appreciation is to say, "thank you." You might also consider giving a military spouse a hand in their day-to-day lives. If you know a deployed military family, why not drop off a meal, offer to babysit or take their dog for a walk? These small gestures can go a long way in supporting service members and their families. And if you're a business owner, giving back can be as easy as providing a military discount. Be sure to spread the word and publicize special offers on social media.

Here at Raymond James, the Veteran Financial Advisors Network (VFAN) is a professional network built as a place where armed service veterans can learn from and rely on one another to grow their businesses. The Valor Network (Veterans Inclusion Network) also works to represent and advocate for veterans' education, professional development and community outreach across our firm.

We are proud to be part of a firm that recognizes the contributions and sacrifices made by service members and their families – all while continuously putting people first.

## Celebrating an important man in your life



The third Sunday in June marks Father's Day here in the United States. The celebration honors fathers, fatherhood and paternal bonds, as well as the influence these men have on their children and our communities. The holiday was first introduced to Congress in 1913 but didn't gain recognition until 1966 when Lyndon B. Johnson issued the first presidential proclamation honoring fathers. It became a permanent national holiday six years later when President Richard Nixon signed it into law.

Countries around the world also celebrate fathers. Italy's Festa del Papa, for example, takes place March 19, along with Portugal's Dia do Pai and Spain's Dia del Padre. However, the third Sunday in June is by far the most popular, with at least 70 countries marking the occasion on the same day.

I hope this year you have an opportunity to spend time with your father or another influential man in your life. However you choose to celebrate, enjoy your day.

*Danielle & Annette*



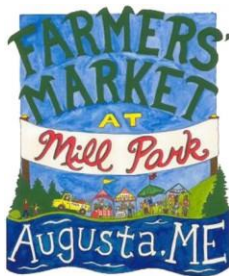
# Community Involvement

Once again, we have been overwhelmed by your generosity. Our Spring/Easter Food Drive was successful in providing community families with supplies that were fun as well as practical. We and the Augusta Food Bank extend a huge “THANK YOU!” to all who donated. We are honored to call you our clients and look forward to working together to help families in need.



Sometimes when we think of Farmers' Markets, we only think of fruits and vegetables. Today, the items available are so much vaster. Amongst the many choices, you can find flowers, eggs, handmade items, maple syrup, meats, cheeses, even pizza and frozen treats! In Maine we are fortunate to have Farmers' Markets available throughout the state. Most run from early May through October. To find one near you and get more specific information check out

<https://mainefarmersmarkets.org/>



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Like our Facebook page and get current, up-to-date information from Raymond James and our office! Simply login to Facebook and search for “Danielle Valteau, Financial Advisor with Raymond James Financial Services”

Check out our website [raymondjames.com/daniellevalteau](http://raymondjames.com/daniellevalteau), where Client Access, The Water Street Journal, market and investment updates are all some of the resources at your fingertips.

**Just more ways we can stay in touch!**



*With you through all of life's adventures...*

We are finally having some warmer weather, and that means we become busy bees with projects and yardwork! What's on **your** to-do list this year!? Show us some before and after pictures of your hard work! Through the years we have truly enjoyed hearing about trips, adventures, realized goals and life achievements. These are all things to be celebrated, and we'd like to ask you to start sharing some of these things for our newsletter. please send me pictures of your adventure with a brief description.

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~Annette



Please join us in welcoming our newest team member, Michelle Lemieux as our Marketing & Event Coordinator. Her event planning skills are top shelf, so make sure to look for your invitation to upcoming events! Michelle comes from Northeastern Massachusetts and graduated from St. Mary's High School in Lawrence. Always enjoying the art of entertainment, she was a cheerleader and dancer throughout her childhood. This love of the arts drove her decision to attend the Art Institute of Ft. Lauderdale where she earned her Associates Degree in Ad Design. Michelle spent over 20 years in South Florida where she raised 3 children, settling in Ocala where she successfully started her own business in dance instruction. This business allowed her the opportunity to travel to local preschools to share her love of tap and ballet with the littlest of students ranging from ages 3-5 years old. This is where she earned her nickname "Miss Michelle".

Michelle brought her love of childcare and dance instruction to the Belfast, Maine area in 2010 and has enjoyed the warmth of the community from the strong friendships and business partners that have grown over the years. Leaning on her degree and exemplary organizational abilities, she jumped into the corporate world with athenahealth as an Executive Assistant. In her personal time, she enjoys camping, hosting social gatherings, and spending time with her grandbabies when she can. Her patience, creativity, strong family values, and superior work ethic are a welcome addition to the Raymond James family.



*It's your life.... Live it!!*

If your financial situation, risk tolerance, or goals and objectives have changed, please give us a call.

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