LOUISVILLE CAPITAL ADVISORS OF RAYMOND JAMES®

Louisville Capital Advisors
Current Thinking – Third Quarter 2023

Positives:

1) The price momentum in the US markets has continued with the S&P 500 being up more than 14% year-to-date as of this writing and more that 22% above its lows from October 2022.
2) Congress voted to suspend the debt limit through January 2025, taking the threat of default off the table.
3) The Russell 2000 small cap index outperformed the S&P 500 index in June indicating that market breadth has started to improve.
4) Market technical indicators and investor sentiment have improved over the past few weeks.
5) In the face of Fed tightening, several areas of the economy have remained resilient, including retail spending (showing the staying power of the American consumer) and housing.

Negatives:

1) The US Leading Economic Index has fallen for 14 consecutive months. Rising interest rates and sticky inflation readings are likely to continue to weaken economic activity.
2) The S&P 500 is stretched to the upside and has been nearly 10% above its 200-day moving average. This relative valuation to other investment options could slow the ascent in the near-term.
3) M2 (a broad measure of US money supply) has declined nine months in a row and is down 4.6% from last year.
4) The recent increase in weekly jobless claims has turned a previously positive economic indicator into one of many indicators flashing trouble ahead for the economy.
5) Gas prices have moved higher, after OPEC announced in April it was cutting oil production by 1.15 million barrels.

Considerations:

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