

Thoughts from the Holy City – August 2023

“It’s hard to remember that this day will never come again. That the time is now, and the place is here and that there are no second chances at a single moment.”

~ Jeanette Winterson – The Passion

As the summer concludes, kids return to school and the days get shorter. It is hard to believe we are on the back half of the year. I, like many people, attempted to take some time off over the summer—spending time with family and enjoying all that life affords us during the long, hot days. The stock market, however, took no time off as all the domestic and international markets climbed higher, and the likelihood of a recession continues to diminish, although not completely ruled out. The Fed elected to pause its aggressive rate hiking in June but resumed in July with another .25% hike and vague indication as to what the remainder of the year may hold. Much of what we have been through in the past 18 months are like the car rides on vacation: “Are we there yet?” Is the Fed going to continue to raise rates? Is inflation going to continue to come down? Has the market peaked? Are we headed towards a recession? Are we there yet?!

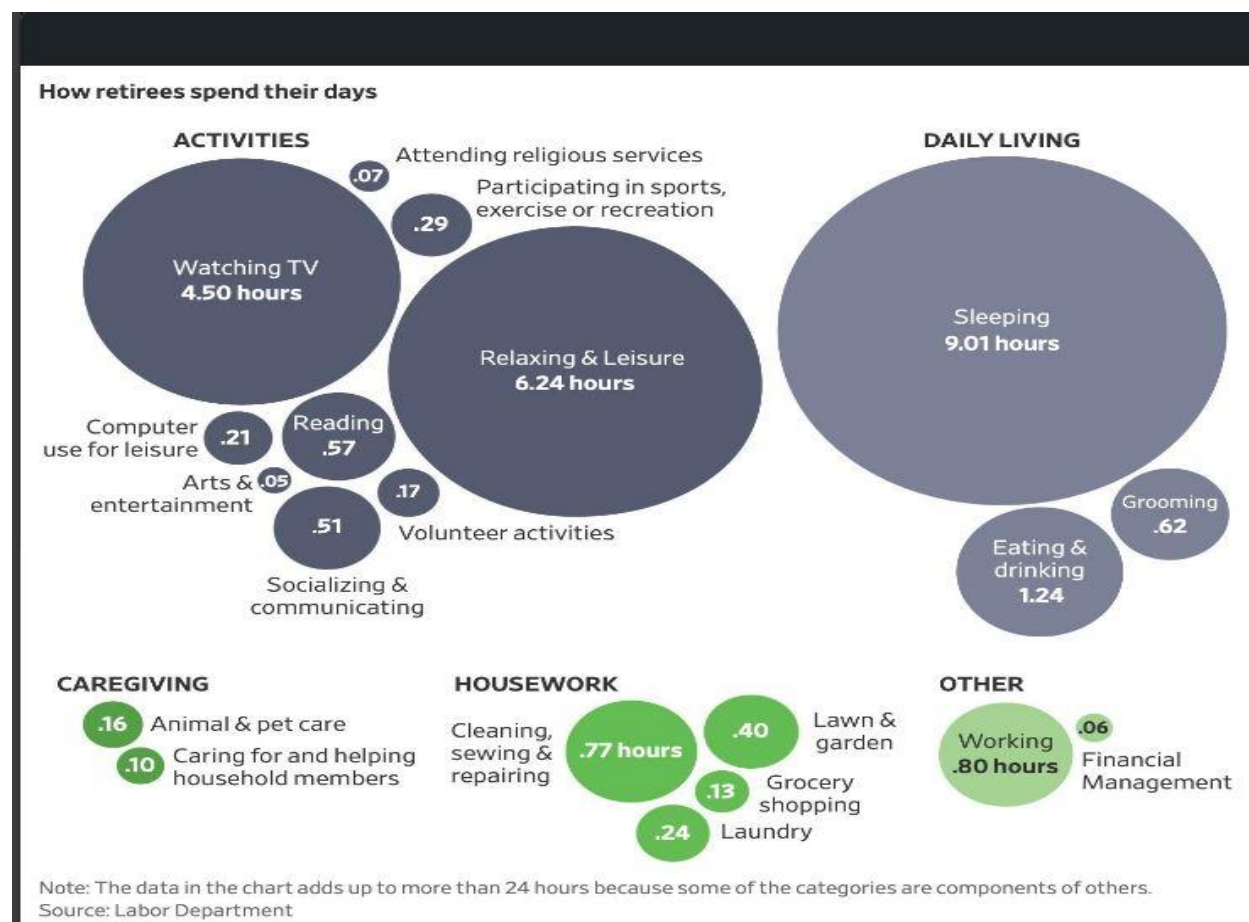
One topic that has made its way back into mainstream economic conversations is whether the Fed is going to be able to pull off a “soft landing?” This “soft landing” refers to a historically unsuccessful act of the Fed raising rates enough to curb inflation, but not too high to push the U.S. economy into a recession. The Fed has only pulled this feat off once in the past 60 years, between February 1994 and February 1995. History proves that the economy and market are remarkably resilient, much to the dismay of the Wall Street pundits who have called for a recession and dramatic market pullback this year. As of the end of July, all domestic and international markets are positive with the DJIA positive 7.28% for the year, the NASDAQ positive 37.07%, and the S&P 500 up 19.52%. The international markets are up 12.80% as measured by the MSCI EAFE and the fixed income markets are up 1.89%, as measured by the Bloomberg Aggregate Bond Index. All a far cry from the doom and gloom that was predicted coming into 2023.

The fact that the markets are in positive territory and the economy remains in good standing is a perfect example of practicing patience and sticking to your long-term investment strategy, albeit sometimes uncomfortable. 2022 was certainly a challenging year for both the stock and bond markets, but for those that remained invested despite the 18% or so decline in the S&P 500, the cash dividend on the S&P 500 went up by 11%. The past 20 months were a mere blip, and much needed correction, in the equity bull market that has been going for almost 13 years with the S&P 500 Index up from 677 to 4,800, a compound 17.6% return. As Jim Grant says, “Progress is very much cumulative in science and engineering, but cyclical in finance.”

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While the aforementioned is certainly notable, the more important question is how does this affect you? In today's media fueled environment there always seems to be "risk." We must keep in mind that risk means something different to everyone. Everyone is different and we all have different tolerances of risk and what exactly that entails. So many of us are guilty of not living in the moment (myself often included) and always preparing for the next "stop" on the train ride of life. A recent *Wall Street Journal* article sheds light on what retirement actually looks like, as seen below:



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So, while we are all planning and strategizing for the future and “retirement,” all of which are very important, we need to remember to live in the moment. My job at Prestwick Capital Advisors is to help facilitate that process. We are here to help be stewards of your wealth, but also to provide you with the resources to help you to be able to live life now. Life is meant to be lived now because the version above is different than what we may envision. We are here to help design a life that you don’t necessarily need to retire from, but rather one that is fulfilling for the duration.

Be Well,

Grier

L. Grier Williford, CFP®, CPWA®

Financial Advisor

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The S&P 500 is an unmanaged index of 500 widely held stocks. The Dow Jones Industrial Average is an unmanaged index of 30 widely held securities. The Bloomberg Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. The NASDAQ composite is an unmanaged index of securities traded on the NASDAQ system. The MSCI EAFE (Europe, Australia, Far East) index is an unmanaged index that is generally considered representative of the international stock market. These international securities involve additional risks such as currency fluctuations, differing financial accounting standards, and possible political and economic instability. An investment cannot be made in these indexes. It is not possible to invest directly in an index. International investing involves additional risks such as currency fluctuations, differing financial accounting standards, and possible political and economic instability. These risks are greater in emerging markets.

Bond prices and yields are subject to change based upon market conditions and availability. If bonds are sold prior to maturity, you may receive more or less than your initial investment. There is an inverse relationship between interest rate movements and fixed income prices. Generally, when interest rates rise, fixed income prices fall and when interest rates fall, fixed income prices rise

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