

Investors know that the stock market moves in cycles, but few are comfortable when the cycle takes stock prices lower. And since late August, the cycle has been decidedly lower.

If you're looking for reasons to worry, you don't have to look for long:

The trend is not my friend: In late August, the S&P 500 was approaching 4,600. As November approaches, it's down roughly 10% from that 2023 high.^{1,2}

Oil prices: Oil prices have been trending higher since late June, and some fear the price will continue to climb. Higher oil tends to be inflationary.¹

Bond yields: The 10-year treasury has been flirting with a 5% yield for much of October. When bond interest rates move higher, stock prices can move lower.^{1,2}

Tensions in the Middle East: The daily headlines are upsetting and frightening.

Fed Watch: The Fed is giving mixed signals about interest rates in its fight against inflation. Some Fed presidents believe rates are high enough, but Fed Chair Powell is not so certain.^{3,4}

Volatility picks up: The CBOE Volatility Index has been hovering around 20 since late October. Higher volatility tests the mettle of the most seasoned investor.¹

During these periods, it's frustrating to be an investor. But remember, when the market trends lower, stock prices will reset at new price levels. As the market moves through this process, it may be best to avoid watching the day-to-day price action if it's causing you to question your overall strategy. If you want an update, please give me a call!

1. Finance.Yahoo.com, October 27, 2023

2. The S&P 500 Composite Index is an unmanaged index that is considered representative of the overall U.S. stock market. Past performance does not guarantee future results. Individuals cannot invest directly in an index. The return and principal value of stock prices will fluctuate as market conditions change. And shares, when sold, may be worth more or less than their original cost.

3. CNBC.com, August 31, 2023. "Fed's Bostic says U.S. interest rates are high enough."

4. APNews.com, October 19, 2023. "Fed Chair Powell: Slower economic growth may be needed to conquer stubbornly high inflation."



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