

THE MARKET MEMO



DEAR BEAVERS WEALTH MANAGEMENT FAMILY & FRIENDS

May was a month of milestones, with all three major U.S. equity indexes hitting new highs – and markets in the U.K., India and Germany also setting records. Stocks were driven up by positive corporate earnings results and greater participation from sectors other than technology – and stocks other than the MAGMAN six tech stocks – with 10 of 11 sectors having positive performance.

“This was the first quarter since the fourth quarter of 2022 that the other 494 stocks in the S&P 500 had positive earnings growth,” Raymond James Chief Investment Officer Larry Adam said. “In addition, big tech stocks continue to be driven by tailwinds from artificial intelligence. Even the utilities sector saw a performance boost from AI energy demand in May.”

With inflation moving slowly toward the Federal Reserve’s 2% goal and the economy proving resilient, interest rate cuts are likely to be further delayed, which will continue to put downward pressure on the real estate market.

The Congressional Budget Office released new estimates for the cost of extending the 2017 Tax Cuts and Jobs Act individual tax cuts, raising new questions as to what the tax debate might look like next year as the extensions are set to expire.

Employment growth slowed considerably in May, but remained robust compared to the historical average, growing by 175,000 new jobs, while the unemployment rate increased to 3.9%. Private jobs posted an increase of 167,000. Spiking oil prices in April, bolstered by fears of all-out war between Iran and Israel, cooled off in May, just as the summer driving season began.

May’s market performance elicits optimism, but volatility is always a possibility – especially with the continued uncertainty regarding inflation, interest rates and international conflicts.

We’re glad to be able to bring you these updates and hope you find them helpful as we continue to pursue your financial goals. Please don’t hesitate to reach out with any questions about what we’ve shared here or any other concerns you may have.

Sincerely,

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