

October 31, 2022 Update

Good morning. I would like to begin this week's update by congratulating my team for the Davis Executive Wealth Management Group being named a 2023 Five Star Professional. This award is based on submissions from a designated professional's client base. Financial Advisor's such as myself must satisfy 10 objective eligibility and evaluation criteria such as assets under management, client retention rate and regulatory compliance review. Our team is proud to be part of this elite group of Financial Advisor's. More on the award can be found here:

<https://fivestarprofessional.com/Spotlights/108599>

Turning to the markets, the U.S. equity markets continued their October turnaround last week with the S&P 500 rallying 3.95% according to Factset. The narrative for the markets last week was:

- Dovish Hike from Central Banks – Global Central Banks are beginning to slow down their rate hikes and soften their aggressive language. This DOES NOT include the U.S. Federal Reserve – yet.
- Earnings – Aside from the technology sector (which had some high profile misses) earnings are not as bad as feared.

Going forward, challenges still remain for the economy and the markets. To begin with, interest rates are still rising and inflation is still a problem as is seen in today's inflation data out of Europe where they are still dealing with double digit inflation. The "terminal rate" (Peak) for the Fed Funds Rate is still above 4.50%. In addition to the continued challenges from rates & inflation, we do need to keep an eye on earnings. Yes, they have been better than feared but there are still risks to downward revisions and that will put a valuation cap on the S&P500. To see improvement in the markets we need to see:

- The Fed Pivot – rates stop going up.
- Inflation needs to drop

The Federal Reserve meets this week and we believe is almost certainly going to raise short term rates by .75%. If they signal a slowdown in rates going forward, we expect the October rally to continue. There is also some critical data coming in this week: ISM Manufacturing PMI (manufacturing sector) and ISM Service PMI (services sector) needs to show moderation but not contraction and the employment report due at the end of the week needs to show a cool down in the job market and easing off of wage pressures. So, in short, a big week ahead of us which will tell us if this market bounce has more room to run.

Thank you as always for your time and attention to these updates. If you know anyone that might find these updates useful, please feel free to forward this email. I welcome any comments or questions. Have a great week!

Regards,

Tim

See my Video: [Thoughts on the Markets July 29 2022](#)

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***2019, 2020, 2021, 2022 Forbes Best-In-State Wealth Advisor**

<https://www.forbes.com/profile/timothy-davis>

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Five Star Professional, as a third party research firm, identified pre-qualified award candidates based on industry data and contacted all identified broker dealers, Registered Investment Advisor firms and FINRA-registered representatives to gather wealth manager nominations. Self-nominations are not accepted. Award candidates are then evaluated against 10 objective eligibility and evaluation criteria associated with wealth managers who must have a minimum of five years' experience as an investment adviser representative or other accepted credentials, client retention rates, client assets administered, firm review and a favorable regulatory and complaint history as defined by Five Star. Five Star Professional determines the final list of Five Star Wealth Manager Award winners. The Award does not evaluate the quality of services furnished to clients and it is possible that the recipient may have received unfavorable ratings from those surveyed. Five Star Professional collected the information for this Award through surveys it conducted.

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