Email Body 3/23/2023

**What Did the Federal Reserve Do and What Does It Mean**

Yesterday, as expected, the Federal Reserve increased its Fed Funds interest rate by 0.25%. The surprise was in the statement issued by the Federal Reserve Board. In its statement The Federal Reserve adopted a much more *dovish* tone stating that they believe inflation is trending down and that they anticipate that there may be one more 0.25% before the end of the year. Essentially, the Federal Reserve is indicating that they are done raising interest rates for the near term and would only anticipate raising rates in the event inflation data reverses current trends.

The financial markets will continue to exhibit volatility as additional information about the economy comes out over the next several months. However, the lead weight that is the Federal Reserve that has been hanging over the financial markets has been removed. To be sure, interest rates remain elevated, the manufacturing and real estate sectors are contracting, lending standards are becoming tighter, and inflation could still rear its ugly head. Nevertheless, the stage is set for the U.S. economy to stabilize and resume its upward trend. The stock market, a leading economic indicator, should start to anticipate future economic growth in the near future and begin the process to recover the losses incurred over the past year. No one knows with certainty when this will start or how long this will take, but the probabilities favor sooner rather than later.

Attached to this email is a note drafted by the investment team at AssetMark, Inc. discussing their take on what the Federal Reserve did and its impact. I invite you to read it to get another perspective.

I am always available to you via phone, zoom conference or in person. I look forward to talking with you over the next few weeks. If you have any questions or if we can be of any help, please do not hesitate to contact Linda or me.

*Certain sections of this commentary contain forward-looking statements that are based on our reasonable expectations, estimates, projections, and assumptions. Forward-looking statements are not guarantees of future performance and involve certain risks and uncertainties, which are difficult to predict. Past performance is not indicative of future results.*

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