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More than Money

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LPL Weekly Market Commentary

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A Change of Seasons

A week ago, it was almost 90 degrees here in sunny Oklahoma City. This morning as I write to you, it's 29 degrees. It is one of the things we all know about Oklahoma weather – yes, we have a four-season climate. And yes, all four of those might be experienced in a week.

Last month we discussed the patterns surrounding presidential elections. I thought the timing was appropriate to look at some of the seasonal patterns surrounding the equity markets. If you want to look at some charts and data, you will see that January, February, June, August and September are historically the worst months of the year. The strongest months are typically April, July, October, November, and December.

This seasonality has led to some rather well-known phrases like "Sell in May and go away" and the classic "Santa Clause rally." Of course, a lot can happen in any month and these well-witnessed seasonal trends don't always begin on the 1st – and occasionally they don't amount to much at all. Interestingly, this year has so far followed the pattern quite well. We started with a slow couple of months then blasted higher, peaking with a big July. The last three months have been weak, giving back about half of the year's gains.

Obviously, there must be an underlying reason for this pattern. Much of it has to do with the annu-

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A Change of Seasons

al patterns of corporate earnings and spending. You might think that this year would be very different since the news has been full of stories centered around fears – of war, recession, inflation… and a presidential election. But history is unfortunately full of those things and worse. Sure, these difficult times do have an effect on investor sentiment. But, as this year has shown (again), earnings matter more than fear.

The other big story driving markets currently is the Federal Reserve's policy on inflation and interest rates. As we know, inflation affects everything – even corporate earnings. If inflation is high, not only does your money not buy as much in the future, but future corporate earnings don't have as much value either. That's a big reason why interest rates matter to stocks as well as bonds.

But the Fed is already telling us they think they will begin to reduce interest rates "sometime" in 2024. If/when that happens, it is reasonable to see both stocks and bonds pick up some momentum. The market is famous for acting ahead of the news. So, I'm optimistic we could see the season and the news change for the better.

Looking back over the last 94 years, the market has had positive annual results 73% of the time. This is why we are not fans of jumping in and out. Even with all the patterns and trends, managing risk inside the portfolio works better in the long run than trying to time the market. We hope, as we enter this holiday season, you can find things to be thankful for and ways to share your joy with others around you. We can't change what's going on all over the world, but we can improve the life of someone next to us. Thank you for letting us serve you!

When the Going Gets Tough

When life gets rough, it can be easy to feel overwhelmed - but is there a way to plan for the hard times without letting fear and anxiety take control? In this episode, Jeff and John offer advice for what to do when you encounter rough patches.

Click **here** to listen.

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