



# RICHMOND BROTHERS

**Matt's Minutes: Disconnected**  
**Month End October 2023 "Closed Captions"**  
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Hi everyone, this is Matt Curfman from Richmond Brothers here with an October edition of Matt's Minutes. Happy belated Halloween! It was a cold, windy and white stuff - we had some snow here in Jackson, Michigan, so I hope you all had a safe and happy fun holiday. If you get to dress up or see some little kids come to your door and hand out candy.

The word of the month and for the quarter really is disconnected. What do I mean by that is to us it feels like what's happening in the economy and what's happening in the market is totally disconnected. There's a lot of headlines out there that suggest the economy is actually doing okay. Federal Reserve chair, Jamon J Jerome Powell, came out and said that he was surprised at how resilient the economy has been despite the big increase in rates. Corporate earnings have been decent, unemployment is still relatively low, and basically you read between the lines and we would suggest that that tells us that economically the sky is not falling.

However, if you look at August, September and October in the markets, it would certainly feel like the sky is falling. You would have seen broad markets such as the S&P, the Dow Jones, the NASDAQ basically almost all retrace at least 10%. A 10% drop, which you remember from previous Matt's Minutes, is a correction. So, there's a lot of uncertainty out there coming out of the Summer with the debt ceiling in Congress, the US downgrade and there's a lot of Global events happening with Israel and the Gaza Strip. You still have Russia and Ukraine. We have uncertainty over government shutdowns still and then we're heading into a presidential election year, so it feels to us like fear has overtaken.

So, for those of you that are inside of the Beacon Smoother Ride strategies, you will have noted near the end of October and the first part of November, some safety nets have been put into place. That is part of the natural algorithm and that just tells us that the program is working. Those of you who are not in those strategies and who have interest, please just reach out to [questions@richmondbrothers.com](mailto:questions@richmondbrothers.com) and in the subject just put Smoother Ride questions for your portfolio, and one of our advisers will be happy to reach out and have a one-on-one discussion and possible review with you.

I think the other thing that's happening is 10-year treasury bonds, which are government bonds, have had periods where they have peaked about 5%. Now those move on a daily basis, but what ultimately happens is the world gets scared when interest rates get that high because that means borrowing is more expensive. So, on an individual level, what we think about is like mortgage rates. A year ago, a 30-year mortgage could have been 3 to 4%. Now it's seven and a half or 8%, so the rate is literally double,

meaning the payment on a monthly basis would be double what it was for the same house of value a year ago. That means things will ultimately slow down a bit as spending cools off or you and I as consumers will question every purchase where we borrow money because it does cost or could cost so much more.

With that in mind, just some context of the environment and I just have a chart here that I will show and what I basically did - and I'll zoom in on this a little bit - I'll try - you can see the S&P, the Dow, the NASDAQ, and then S&P equal weight. And what this is is 2022 the whole year and 2023 through October 31<sup>st</sup>. So here is the 2022 year where everything you can see, including bonds, which is the Bloomberg US aggregate, have been negative. 2023 there's been a little bit of coming up, but remember I said the last three months there's been another correction. This is basically the downward trend that we're seeing over here on the right. To try to make back up from 2022, you can see that the Dow is still negative 9% as October 31<sup>st</sup>. The level S&P 500 is still minus 12, bonds are still almost minus 15 to 16, the equal weight S&P 500 is down 16 and a half, and the NASDAQ is still down almost 18%. So, there is still room for growth and expansion. We're just not quite sure it's going to happen in a straight line.

So having balance and understanding your risk score in your overall portfolio and the risk profile and then us helping you integrate that and create a retirement income plan is what we are here for. And we want to help guide you and educate you and inform you no matter what the world throws in our path. If you have any questions, as always, please reach out to [questions@richmondbrothers.com](mailto:questions@richmondbrothers.com). We are here for you, and we are honored to have the opportunity to work with you and your family. Have a wonderful start to your fall and I'll be back in touch soon!

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*Sources:*

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