

## Wasn't There Supposed To Be A Recession?

In advance of 2023, the recession drum beats were so loud it was deafening. Market pundits warned that as the Fed raised interest rates, it was just a matter of time before the economy entered a recession.

But it's July now, and so far, no recession. It appears that the **economy is slipping into an expansion** rather than moving toward a recession.

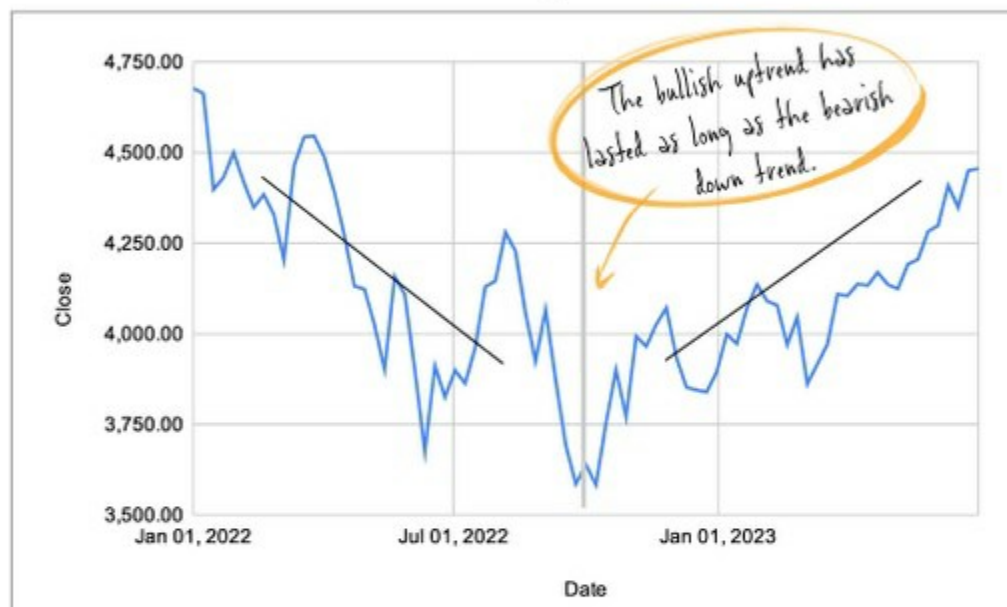
The first quarter gross domestic product expanded at a 2% rate, and the job market appears in good shape. Meanwhile, the stock market, considered a lead indicator, rallied in the first half, catching some by surprise.

Those in the "just a matter of time before a recession" camp point to the yield curve. It remains inverted, with the interest rate on 2-year Treasury notes higher than on 10-year Treasury notes. Historically, an inverted yield curve has signaled a recession.

The accompanying chart shows that the current market rally has lasted roughly nine months, which is about the length of the market's downtrend in 2022. While the Standard & Poor's 500 remains well below the high, the downtrend and the uptrend are starting to look similar.

### The Most Unloved of Bull Markets

The uptrend since October 2022 is now as long as the downtrend that started in January 2022.



*Disclosure: The S&P 500 Composite Index is an unmanaged index that is considered representative of the overall U.S. stock market. Index performance is not indicative of the past performance of a particular investment. Past performance does not guarantee future results. Individuals cannot invest directly in an index. The return and principal value of stock prices will fluctuate as market conditions change. And shares, when sold, may be worth more or less than their original cost.*

Source: finance.yahoo.com, July 5, 2023

What's next for the economy and the stock market? I can't tell you; I don't know the future. But I can tell you what's next for us is to remain focused on your investment strategy, which reflects your goals, time horizon, and risk tolerance.

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