

2023 Year in Review

2023 was a pivotal year for both the stock market and Lowell, Blake & Associates. Against the backdrop of the highest inflation in a generation, 2023 surpassed expectations for the economy and stock market. By January 2023, the Federal Reserve had executed seven rate hikes since initiating its rate hiking cycle in March 2022. With inflation far above the target of 2%, the prevailing expectation was a for continuation of rate hikes, potentially pushing the economy into a recession. The March banking crisis, including the failure of Silicon Valley Bank and Signature Bank, seemed to validate these fears.

Contrary to expectations, as the year progressed inflation decreased and unemployment remained low, while the economy and corporate earnings remained resilient. The Fed concluded its rate hikes with a final 25 basis points increase in July, resulting in a target rate of 5.25%-5.50%. This marked a significant shift from where the Fed funds rate stood at 0.25%-0.50% in March 2022. By the end of 2023, headline inflation had notably receded from 9% to 3%, with unemployment experiencing a minor uptick from 3.6% to 3.7% during the same period. Traditionally, raising interest rates tends to slow the economy and trigger mass layoffs, but this scenario did not unfold.

What set 2023 apart? A key factor was consumer resilience, supported by a robust labor market and the resolution of supply chain issues, contributing to a decline in goods inflation. It appears the unprecedented events of the last four years have contributed to a different economic landscape. While continued caution is warranted - with uncertainties in service inflation, geopolitical risks, and the upcoming US presidential election - there are promising signs of a soft landing. In response to a robust market in 2023 and a changing economic landscape, we will take the opportunity to reset portfolios and redeploy gains from stocks that have done well in the last three to five years.

On the Lowell, Blake & Associates front, we are pleased to share that the transition to our new home has been smooth. The Choate team has gone above and beyond in extending a warm welcome and providing valuable support. This fluid integration underscores the cultural alignment between our teams, making it a pleasure to exchange ideas and learn from our collective approach to our work.

Looking ahead, we eagerly anticipate introducing you to our colleagues and hosting you in our new home. In 2024, we will embrace exciting new challenges and opportunities, confident in our ability to tackle them with our dynamic new team and additional capabilities.

If you have any questions about this review, please contact one of the following professionals:

Lanny Thorndike

President
617-248-4062 | lthorndike@choateia.com

Tamer M. Alamuddin, CFA

Managing Director
617-248-4822 | talamuddin@choateia.com

Diana B. Malcom

Managing Director
617-248-4778 | dmalcom@choateia.com

Jessica C. Welch, CFP®

Portfolio Manager
617-248-4875 | jwelch@choateia.com

Jonathan M. Bentley, CFA

Senior Investment Analyst
617-248-4925 | jbentley@choateia.com

Benjamin P. Lewis, CFA

Senior Investment Analyst
617-248-4808 | blewis@choateia.com

Nicole F. Gagliardi

Compliance Specialist
617-248-5120 | ngagliardi@choateia.com

Andrew Burnside

Research and Operations Analyst
617-248-4016 | aburnside@choateia.com