

01/26/22

Good Afternoon,

Stock volatility in January has been extreme as evidenced by Monday's wild ride. At one point, the Dow Jones Industrial Index was down more than 1,000 points but finished in positive territory. Markets are worried about inflation and the Fed's plans to stop buying bonds and raise interest rates. In other words, there is concern about monetary policy going back to normal! Today the Fed announced they will keep interest rates at zero until at least their March meeting. Initial reaction was positive, but Chairman Powell's news conference revealed Fed plans to begin reducing its balance sheet "substantially" this year - meaning they will be selling bonds rather than buying. The immediate result was a spike in interest rates and a sharp reversal of a strong stock rally earlier in the day. The wild ride continues.

The decline in stock prices has been significant in January, with the typical stock down 10% or more. Months of stock gains have been eliminated in a few weeks. Drops of this magnitude and speed are uncomfortable and can sometimes lead investors to question their portfolio allocations. I keep plaque of quotes from legendary investors in my office and one from Shelby Davis reads "You make the most of your money in a bear market, you just don't realize it at the time." While we are not in a bear market (with a definition of down 20%), we are well below recent highs. Not selling stocks while they are down is the next best thing to buying low – Mr. Davis' implied message. Of course, if your situation has changed and you want to discuss it, give us a call.

Well, the Buffalo Bills season is over, and their fans suffered a heart breaker on Sunday. It was easily the best game of the year, maybe the best playoff game, ever. Just not the final outcome many of us hoped for. We got this next year!

Please visit our website at www.canfg.com or the link below for the last Market Update from Commonwealth Financial Network® – the broker/dealer that supports us in helping you manage your financial life.

http://www.commonwealth.com/RepSiteContent/weekly_comm/commentary_redirect.htm

As always, if you would like to discuss this or anything regarding current market conditions or your portfolio, feel free to contact me at any time.

Wade

Wade A. Sarkis, CFP®, AIF®
Managing Partner
Canandaigua Financial Group
45 Ontario Street
Canandaigua, NY 14424
(585) 396-2720

Securities and Advisory Services offered through Commonwealth Financial Network, Member FINRA, SIPC, a Registered Investment Adviser
Note: Trade orders cannot be accepted via email or voicemail.