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Good Morning,

Investment markets continue to be battered as investors weigh the implications to the global economy of Putin's war. The most serious financial impacts are the disruptions to the oil market and sharp increases in gasoline and other petroleum product prices. Stocks seem to be moving inversely to oil prices, as can be observed in the daily volatility of both. Oil has recently hit a 14 year-high in the price per barrel. However, that means that it was higher in 2008 – and we made it through that difficult period. We will make it through this one, as well. It seems clear that alternative energy sources will be key to the independence of the US energy grid in the future.

The tech-heavy NASDAQ index entered bear market territory on Monday – down 20% from its high last year. The Dow Jones Industrial Average and the S&P 500 indices reached correction levels – down 10% from recent highs. These are substantial moves, but far from unusual. These types of pullbacks are normal and help take excesses out of stock prices while creating a more sustainable base from which new advances can begin. Yesterday's sharp rally underscores why we remain invested through volatile times. Missing just a few days like yesterday can mean you miss the entire return of stocks in any given year. (For perspective, the S&P 500 Index is still higher than it was 12 months ago.)

The Fed meets next week, and we anticipate a quarter point increase in the Fed Funds rate – a move that Chair Powell reiterated in his congressional testimony last week. Inflation is troublesome, and likely will remain so as oil prices stay elevated. The Fed will need to walk a fine line to reduce the pressures of inflation while carefully avoiding negative impacts to the US economy. Although the Fed hasn't made any changes yet, interest rates have risen putting pressure on bond prices. Even conservative portfolios have struggled so far in 2022.

With Major League Baseball shut down due to the lockout, the start of the season will be delayed. This means the Cincinnati Reds will not be eliminated from the playoffs until later in the year. So, there is some good news out there. Have a great week – and set your clocks ahead on Sunday.

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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

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