

Fall Commentary and Shred Day Reminder!
September 2022

Market Commentary

There is no mistaking the fact that the Federal Reserve feels significant rate hikes, much higher than were telegraphed earlier in the year, are warranted to tamp down our high inflation rate. The United States is not alone in increasing interest rates. Many other countries have also increased interest rates this past week. This is always a very tricky balancing act to try to achieve... slowing inflation while not putting the brakes on the economy. As interest rates rise, the cost of goods and services increase which can then lead to increases in the unemployment rate as companies get nervous about higher costs.

As you can see, increasing interest rates too much and/or too quickly can lead to a chain reaction of events which may not be the intended goal. In the opinion of many market experts, the significant downward movement of the current markets is a direct result of the belief of many that The Fed is overreacting with this series of substantial interest rate hikes. We do not have a crystal ball, but we do know that when investor sentiment sours it can have a swift and very negative effect like we are seeing now in the markets. It seems to us that the market is anticipating a significant slow-down in the economy as a direct result of these interest rate hikes which is why investor sentiment is currently so negative. The Fed believes the exact opposite. Time will tell.

In addition to what The Fed currently believes and what many investors currently believe there is another component that has also come into play, which is referred to as the herd mentality. There are countless examples in history when the herd mentality has taken over and the result is that the market either tanks or soars because so many investors “feel” they should follow “the herd”. As you know by now, it is not wise to follow the herd and we’ve never recommended it. Your portfolios are well balanced and diversified, which over the long haul is designed to withstand short-term shocks like we are experiencing now. It is critical to remove emotion from investing and follow sound investing principals. We do understand it is much easier said than done. However, it is what is demanded during challenging times like these.

Please do not hesitate to contact us with any questions or concerns that you may have.

Save the Date – Shredding and Lunch – Friday, October 14 12-2PM

We hope you can join us in a few short weeks! Bring all that you care to shred, and join us for lunch!

Enjoy the start to the new season. We look forward to seeing you soon!

Vikki D. Lenhart
Registered Investment Adviser