

03/03/22

Good Afternoon,

The weekly update was on vacation last week, just as Russia blatantly crossed into Ukraine with the entire globe watching. As I've said for many years, Putin is a world-class thug and a throwback to the old Soviet era of brute force and disregard for international standards and norms. He knows that the West is very reluctant to send troops to Ukraine and believes he can bully that country into submission and reclaim valuable former Soviet territory. The good news is that Russia is a very small player in the global economy – other than the anticipated impact on the oil market. The bad news is that the people of Ukraine will suffer – perhaps for months, or years as the invasion drags on.

What Putin may have failed to anticipate is the extent to which he has united the rest of the world (except for the usual cast – China, Syria, Pakistan, etc.) against him. Financial sanctions being implemented will quickly hurt the Russian economy which should rile up Russian citizens. More impactful are the direct sanctions on Russian elites and Oligarchs, the powerful billionaires who cashed in when the country privatized industries. As more of their yachts and foreign bank accounts are seized, this influential group of men are likely to pressure Putin to change his tactics. Perhaps we'll even see the end of the Putin reign. We believe something drastic will have to occur within Russia itself as Putin won't be influenced by outsiders and will refuse to lose face by admitting the Ukrainian invasion is a dangerous mistake.

Your February statement will reflect the tough start we have seen to 2022. While not as bad as January, it will still be down for the month. We've been through difficult times often throughout the years, and it's important to remember that the US economy is strong, unemployment is low, and interest rates – while rising recently – are still low by historical standards. Inflation is concerning, but the Fed is committed to fighting it while being careful not to send the economy into recession. The short term will remain bumpy, but we will get through it.

Standing up for Ukraine is a cause we can all rally behind, and we can sure use a common cause right about now.

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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.

Have a great week.

*Wade*

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