

August 10, 2022

Good Morning,

Technology and small company stocks rallied last week while the Dow Jones Industrial Average and S&P 500 were flat. Bond prices fell slightly during the week as inflation fears continue to worry fixed income investors. Friday's job data was much stronger than expected, good news for countering the recession fears dominating the financial headlines. But is good news "bad"?

Markets greeted Friday's employment report with a quick selloff, as traders viewed the good numbers as positive for the economy and thus inflationary, giving room for the Federal Reserve to raise interest rates higher and quicker. So, good news was bad on Friday. This morning, however, July inflation data came in softer than expected leading investors to believe we may be past "peak inflation" and will start to see steady moderation in prices. That would lead us to believe the Fed can move more slowly. The result is a sharp rally on the opening today. So, good news is good on Wednesday. Confused? Welcome to my world!

The market rally since mid-June reminds us of the importance of staying invested through the tough times. As a strong example, over the last 30 years (August 1992 through July 2022) the S&P 500 gained 10.0% per year (total return). If you remove the best 22 trading days over the entire 3 decades, (i.e., 22 trading days out of 7,554 trading days), the return for the S&P 500 drops in half to 5.0% per year (total return). We never know when the big "up" days are coming.

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.

Hope your weekend is filled with good news! You know, the actual good kind.

Wade

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