

September 28, 2022

Good Afternoon,

The September slump continues, and we are beginning to get questions from clients concerned about their account values. Naturally, everyone is concerned about the steep losses in 2022, and nobody knows how much further stocks and bonds may decline. We believe we are much closer to the end of the selloff than the beginning. The time to sell is when valuations are up, and we should not get out of the market at these low prices. This is not the Financial Crisis of 2008 all over again. We are dealing with a change in monetary policy by the Fed (albeit a late change) in reaction to pandemic-induced inflationary pressures. We own stocks for long-term growth and frequently experience downturns. If we still have long term goals, there is no good reason to sell while valuations are down.

For more than a decade we have experienced easy monetary policy (i.e., low interest rates) and stimulative fiscal policy (i.e., tax cuts and pandemic stimulus) while inflation remained tame. These policies have likely pulled growth forward – meaning they created artificially high demand for real estate, materials, goods, and services. Recent hyper-inflation shows us the time has come to begin normalizing policies, and that will take effort and economic adjustments. Investment markets will overreact - perhaps they already have – and we'll see big swings up and down as stocks form a new base to begin rallying from. We know the pattern; we just don't know the timing. Hang in there!

My wife and I are moving from our home of nearly 20 years. I am shocked at the accumulation of “stuff” we've managed to pack into the house in that time. Going forward, we will keep only what's necessary. I recommend everyone take an inventory of their “stuff” and part with that you don't need. Of course, who am I kidding? We'll likely start the whole process over again! As my friend would say, “Take my advice because I'm not using it.”

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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.

Have a great week and go Bills!

Wade

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

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