



September 2022 - A Bounce

Spencer Nurse

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Hello Clients and Friends,

We hope you have a good summer. It has been very busy and markets never are dull.

We have had a new person join the Nurse Team, Francis Edoria. Francis is registered and has been in the industry for six years. Anne and I look forward to working with him. If he contacts you, via email or phone, please allow him to aid in servicing your account(s).

You can read more about our team:

[The Nurse Team \(link\)](#)

THE MARKETS

Markets recently snapped back off a low of as much as +17% for the S&P 500 from relatively good earnings and Fed Chairman Powell’s comments that the Fed sees inflation moderating. Since the bounce off the lows, markets have dipped. Expect more volatility this year and opportunities to purchase good businesses and investments that have fallen. With higher interest rates, we are seeing opportunities in bonds we have not seen in years.

INFLATION

Inflation has only come down marginally (CPI at 8.48% y/y) since the fed started hiking rates. Oil, dipping the most by about -20% from its recent peak. The Fed, Jerome Powel, will continue to tighten at the September meeting which raises rates on mortgages, car loans, and corporate borrowing. This has a cooling, slowing effect on the economy. The Fed will continue with QT, quantitative tightening as they sell bonds from their balance sheet. This too raises interest rates consumers and corporations pay to finance activities.

THE “R” WORD

Recession, the “R” word is a scary concept. Technically we are in a recession with two back-to-back negative GDP reports: in Q1 at -1.6% and Q2 at -0.9%. It is not common to see deep recessions with very low unemployment currently at 3.6% and a shortage of workers in the labor force. As a comparison to the most recent recession in 2020 when COVID broke, GDP contracted by -5% in Q1 and -31% in Q2. Currently, we don’t see evidence of a long-lasting deep recession with strong employment, good retail sales, and good earnings. New data and information can change and we are monitoring closely.

Please let us know if you have any questions, concerns, or would like to review your portfolio.

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