CWP | PRIVATE WEALTH MANAGEMENT

November 2022

Monthly Market Commentary

This November and always, we give thanks to our clients. For those residing in the Midwest, this unseasonably warm weather has been a welcomed change from typical autumn temperatures. Thanksgiving is just around the corner, and even with the challenging economic conditions, we celebrate this season with gratitude. We hope this holiday season is a time of love, connection, and hospitality with family and friends.

Global markets saw some relief after the brutal selloff in multiple asset classes in September. Despite the rally, volatility remains very elevated relative to history and has not shown reliable signs of abating anytime soon. The current market dynamics suggest that we are not yet in the clear with respect to a sustained move higher in risk assets and most indicators continue to warrant caution. Strong short-term rallies are not atypical in bear markets and warrant additional caution not to panic on such moves.

The Federal Reserve, in its latest meeting, raised rates 75 basis points and reiterated their strong resolve to tame inflation before it becomes a longer-term problem. Further, they also suggested their terminal Fed funds rate may be higher than what was projected a few months ago. The key takeaway from this is the ill effect of runaway inflation remains a bigger threat in the long-term vs some short-term pain from a slowdown in the economy. Consistent with the ramification of tighter monetary policy, the economy itself is coming off a peak stimulus environment. Revenue and earnings for companies have been slowing and are expected to slow further in the foreseeable future.

We continue to remain defensive in our positioning while holding elevated levels of cash until we see an improvement in the market risk/reward dynamics. In addition, we will seek opportunities that may arise in the short term while practicing discretion for long term investments.