

Monthly Market Commentary

On behalf of CWP Private Wealth Management, we would like to wish you a Happy New Year! May 2022 bring you peace, happiness, and prosperity! Also, with the rise in illness over the past several weeks, we hope that you can remain safe and healthy. We are hopeful that we can all weather the storm and get back to our daily lives before you know it!

Global markets finished the year on a strong note, posting positive returns in most developed economies with some divergence in limited countries in the world that had weaker returns over the same period. 2021 marks the second consecutive year of well above average returns for most risk assets with commodities leading the pack. These strong returns can be attributed to strong economic growth post the initial slump in economic activity due to Covid-19 and was fueled by both monetary and fiscal stimulus alongside inherent organic growth. As we enter 2022, economic momentum remains strong and should remain above the average growth rate we have seen over the last decade; however, we may have peaked in growth in the fourth quarter of 2021 and are anticipated to slow throughout 2022. With inflation running hot, well above the FED's target and unemployment approaching pre-Covid levels, the FED has been under pressure to start tightening monetary policy and raise rates to curb inflation. On the other hand, congress has yet to pass legislation on the "Build Back Better" plan to stimulate the economy due to opposition on both sides of the aisle that are uncomfortable with massive deficit spending. Considering these dynamics, we are also past peak stimulus which was one of the major driving forces for strong growth experienced in the last few years. All in all, these factors should act as a drag on economic momentum throughout the year and warrants a more balanced and cautious approach towards risk assets. As always, we are focused on the speed at which growth slows and are keen to high grade portfolios based on it until we see a bottom in growth and tamed inflation.

***** In-person meetings: if you are feeling ill, please call to reschedule your appointment at a later date. *****

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