



## The KP Group at Morgan Stanley

Quarterly Market Commentary

In an effort to continuously improve our communications with our clients, we are rolling out our new quarterly newsletter. We will be sending a newsletter to your inbox each quarter that is curated with our clients in mind. We will keep it concise and only include things that we feel would be of value to our clients. We are open to feedback, so please let us hear from you!

### Our Market Perspective

2022 was a difficult year for the markets; primarily driven by the war in Ukraine, inflation, and the remarkable speed at which the FED and other Central Banks raised interest rates from near historical lows. At the close of 2022, the S&P 500 had fallen 19.44%, the Dow Jones Industrial Average fell 8.78% and the tech heavy NASDAQ fell 33.10%. (Data from DQYDJ: [S & P 500](#), [Dow Jones](#), [NASDAQ](#))

Rampant inflation in the US led the Federal Reserve to raise interest rates 7 times in 2022 for a total increase in the Fed Funds Rate of 4.50%. ([Forbes Advisors- Taylor Tepper, 3/22/23](#)) For over a decade, we believe consumers and investors had been lulled into a false belief that interest rates could remain at near 0% forever and that inflation was, as the Federal Reserve stated, “transitory”. However, as we have seen over the last year, inflation is anything but transitory. The rate hikes taken by the FED to tame inflation have started to impact consumer and business spending, resulting in a slowing of the US and Global economies and a decline in the stock markets (as noted above). ([CNET-Dashia Mildner, 3/23/23](#))

The FED is stuck between a rock and a hard place at the moment, and we don't envy them. The data shows that more rate hikes are needed to combat inflation and we have already seen an additional rate hike in 2023 with more being forecasted. ([Reuters-Howard Schneider, 3/7/23](#)) However, economic cracks driven primarily because of the higher interest rates are beginning to show. This is most evident by the recent banking crisis in the US and Europe. Government Officials believe that the steps taken domestically and abroad are adequate to contain the “rot” and avoid a contamination of the whole financial industry. ([Bankrate- Sarah Foster, 3/13/23](#))

In times such as these, our research shows that those who keep their heads and avoid letting their emotions drive their investment decisions come out ahead of those that fail to do so. We are in uncertain times and it's important to remember that economic events seldom unfold exactly the way stock market analysts forecast them to. For our clients, our advice is to stay the course. Trust your investment strategy. As Abraham Lincoln was fond of saying “this too, shall pass”.

We are always here to answer any questions.

Best Regards,  
Carlos and Dane

## Morgan Stanley Website

We are thrilled to provide our clients with the most up to date client resources. Navigate to our website to view our special designations, investor resources, and digital wealth tools.

[Team Website](#)



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