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Market Update

An End to a Tumultuous Year:

We bet that you were happy to see the calendar turn to 2023. For 2022 was one of the most unusual markets of all time, where stocks AND bonds both had a miserable year. Usually, one could bail out the other through a recommended asset allocation. However, even the ever-popular 60/40 stock/bond mix did not provide any immunity from this unforgiving market.

We are not going to rehash the reasons behind this increase in market volatility. We covered much of it in our earlier writings. A pandemic, government stimulus programs, changes in lifestyle/spending patterns, geopolitical tensions, supply-chain disruptions and the final nails that sought out the hammer, inflation, and an aggressive Federal Reserve all contributed to the market decline.

In reaction, the markets experienced a massive “reset.” A reset of expectations for company profits, and consumer resiliency and an evaluation of the way in which products are being manufactured and where business is being conducted.

While the impact of higher interest rates and the velocity in which they moved up, certainly had a major influence on the market, so did the increasingly fragile geopolitical environment.

China has been viewed as an important market and trading partner. However, the pandemic hit China hard. Their “zero tolerance” policy called for a complete lockdown of their economy. This hurt the many companies doing business or manufacturing products there. Additionally, the war in Ukraine and sanctions on Russia have caused wide swings in the prices and availability of essential commodities and agricultural products.

These disruptions and imbalances have also forced companies and governments to confront the reality of where and with whom they can safely do business. This is forcing a major “rethink” and will dictate policy and business strategies for years to come.

In the meantime, markets have been volatile. Headlines, whether from a company or a Fed Governor, have often dictated short-term market moves. There continues to be great speculation as to the lifespan of this inflation scare and just how aggressive the Federal Reserve needs to be.

What is clear, is that this market is not recognizable by some newer investors. The “playbook” of the last two decades will require a major update. Having “been there and done that” over our years in the financial markets, we have more than one playbook at our disposal and have been putting them to work as is appropriate in client portfolios.

Please be sure to visit our website at
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