

**Market Outlook:**

**Yours, mine.....and mine!**

Whereas rising interest rates over the last two years have somewhat tempered the scourge of inflation, it is our belief that the intrinsic damage done to the economy by the global health pandemic, an increasingly larger wealth gap, and years of social injustice have already aggravated concerns about the prospects for an all-inclusive market which might persist for decades to come.

Concurrently, the aging of the population combined with large pockets of regional strife/warfare is generating a population and wealth migration like none ever witnessed before. This immigration, wealth, and actuarial dilemma is already demonstrating the potential to divide the financial world into two distinctly different strata. The key question, though, is whether there is an appetite in political and social circles to do anything which might dissipate the effects of pitting one group of citizens against the other in a race to acquire and operate precious natural resources. As these finite supplies become more scarce, and more expensive, will straightforward monetary and fiscal policies be sufficient to quell the yearnings of those who are going without?

There is no doubt that a profound shift is underway in market outcomes.

The pandemic and its associated uncertainty blemished "traditional" market fundamentals and analysis for the foreseeable future. A number of statistics became meaningless in the grand scheme of things when everyone retreated to their personal cocoon for survival's sake. Why might we think now that government, business, or the hierarchical elite are any more incentivized to do things differently, given the complexity of social issues that confronts us? Not only are fiscal and monetary policies becoming irrelevant, but the agonizing progress towards economic prosperity has been unmercifully side-swiped by the global Covid pandemic, war in Ukraine, and political gridlock in state and national capitals. Anecdotal, last week's series of earnings reports were indicative of that sea change in consumer spending and industrial production.

**Rivalry amongst un-equals**

Overall, the world's business community response to the demand slowdown has been less than persuasive. High interest rates and lower production capacities created a buildup of idle corporate cash, thus creating a shocking divide between those entities with "record profits" versus a grim crippling of local small businesses and entrepreneurship.

Consumers are paying dearly for the burden of a "recession-in-name-only" that we believe is already underway. Disposable income is not what it used to be prior to the pandemic, and is at a smaller percentage of overall spending to its previous levels. The trichotomy between wealth, the *perception* of wealth, and lack of wealth is now increasingly unsustainable.

A funny thing happened on the way towards engineering one of Wall Street's longest and largest bull market spikes: *business and politics unwittingly conspired to convince all of us that as long as things appeared to be doing well, plump profits and expanding portfolio valuations didn't correlate to all the things we should have been focusing on during our "prosperity", such as agricultural infrastructure (hunger), wage and savings rates (poverty), climate and war-induced population migration (shelter), and disease eradication (healthcare).....all things which came home to bite us in the last three years.*

The problem is not that there aren't any strategic thinkers, qualified engineers, or compassionate bankers anymore. Rather, the pandemic panic inspired and aggravated the worst characteristics of business and humanity: hoarding just for the thrill of it. The staples of a good life were taken for granted, and taken advantage of, by those who could afford them, and held hostage by the lust of their greed from those who couldn't.

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