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Market Outlook:

From peaks to valleys…and back again

There will always be ups and downs in the financial markets. As with anything cyclical, there are evolutions that occur over time. And time, after all, is the most significant variable in investing. It is the "denominator" for all calculations. It is also what accounts for trends, whether they be cultural, financial, or political.

Nobody can predict the future with absolute certainty. But we can measure and "quantify" the variables that precede *this moment in time* to try and extrapolate the probability of those variables, or others, from happening again.

Buying investments successfully is all about integrating time, price, and duration to make a reasonable hypothesis about the potential for capital appreciation.

Defining the intricacy of how "things" interact with other "things" is the essence of successful portfolio management. It is not an exact science but rather the art of blending instinct with experience and raw data.

The "pundits" say…..

Given that, we are in an unusual confluence of factors in the world today. There are few periods in history when the globe was awakening from a pandemic, regions of cultural conflict were erupting into violence, and the immediacy of hunger and poverty lay mere miles from innumerable borders.

It is true that basic human behaviors are eternal: the desire for security and opportunity; the protection of family and property; the need to work; spiritual passion. These needs never extinguish.

Thus, we look at today's market landscape as a sign that despite the turmoil and volatility things are as they should be. Perhaps not as we would like, but cyclical, evolving, and identifiable nonetheless.

For example, there is quite a bit of consternation about interest rates and consumer prices. As these two data points intersect and parallel rise upwards, our government and central banks try their best to arrest the trends. But I would argue that higher prices and high interest rates are a fleetingly cyclical manifestation of *positive* economic developments stemming from a two year lockdown on commerce due to Covid 19. While the pendulum of these events might currently be skewed too much in the extreme, one can view the opportunity to benefit from these integers as historic and proportional. When was the last time you could "park" cash at a 5% return? A slower economy never offered you that chance.

Inflation, too, is impactful for commodity prices and certain equities. When pricing power was limited….only a decade ago…leveraging assets was impossible. Although we acknowledge a spiral of price gouging, this too is an opportunity for corporations to collect returns on stagnant profits that nearly shut many of them down during the pandemic. High unemployment and devastating profit decline brought about a fear in the financial markets over the last two years during which many portfolios suffered. Once again, the element of *time* lends us perspective about what we think we are seeing versus what is actually happening. One must be able to see the forest from the trees.

Today we continue to advise clients that allocations are an evolving thing but the objective remains constant: invest in unwavering refrains and companies that benefit the greater needs of the human condition: *food and water, energy, shelter and infrastructure, education, technology, healthcare.* And because of that advice our track record over the decades is second to none in securely managing the wealth of corporations, the affluent, and institutions.

Let the traders roll the dice, we prefer to take "crash" out of our vernacular.

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