



Q1 2022 Insights

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Q1 2022 Insights

- Ukraine Effect on Europe
- Inflation and Accelerated Federal Reserve Tightening
- Q1 Earnings
- 2023 Recession Watch?
- Portfolio Considerations
- *invest right, live right™*



Ukraine Conflict Affect on Europe

- Europe most at risk due to geographical proximity
- Eurozone Leading Economic Indicators – slight drop in March for the first time since March 2021
- Energy rationing minimal impact
- 3% European Central Bank growth estimate
- Data shows still driving, eating out, shopping



Inflation & Accelerated Fed Tightening

- Inflation has become more persistent
- Fed has signaled more rapid rate increases
- Inversion of yield curve – 12-18 months of continued stock market growth
- Bond market sell-off during Q1



Q1 Earnings

- Profitability levels will be important
- “Junky” Stock rally from March 8th-29th
- Despite market dip, CBOE Volatility Index remains fairly stable
- Critical to stick with quality stocks



2023 Recession Watch?

- Mortgage and consumer loan rates rising
- China Lock-down
- Shift from goods to services
- Pent-up demand – i.e. air travel



Portfolio Considerations

- Stay high quality and short-term with fixed income in rising rate environment
- Debt will become a drag on earnings, so invest in stock of companies with little or no debt
- Watch earnings growth very closely, but avoid knee-jerk reactions if good stocks get unnecessarily dragged down with the overall market
- Keep politics out of your portfolio



“...in affairs so delicate and important, it has been judged most advisable to listen to the suggestions of caution rather than of confidence.”

- Alexander Hamilton



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