

## HOW WE GOT HERE

By Jim Ed Summers, CRPS®, CFP®

Investors are well aware of the difficult markets we've experienced so far in the year 2022. The difficulties aren't just in stocks but have spread to bonds and international markets. When years like this occur it can be helpful to look at how we got to this instance and focus on some other helpful thoughts in looking to the future. First, how we got here. Do you remember that long decades plus low interest rate environment that was in place? And, inflation was very low. Times of uncertainty and strong periods of growth kept interest rates (both fixed earnings rates and interest costs) low for some time. Then, a thing called the pandemic struck globally and you'll recall large injections of payments and money was added to the economy thru unemployment benefits and government direct payments to consumers, businesses and institutions. Through this the forgotten Inflation effect became an issue. We all recall the heavy demand of things like vehicles, goods/services, home improvement steps and the next thing we knew "stuff" was higher priced. The Federal Reserve has taken aggressive steps to try and lower inflation by raising interest rates. Many analysts say the Fed was late in raising rates, which may be true, but if rates were raised earlier it would have been during the pandemic, which if you'll remember all financial tools were at play to support the economy – and it didn't happen until this year – a year I've labeled a "transition year". To improve markets and economies, inflation needs to moderate. When that happens more companies and consumers will feel better about earnings and confidence in the economy. Now it's time to consider long term thoughts: Since 1928, markets have had positive returns 73% of the time while 27% of the time markets have been negative. That translates to the longer you hold stocks, the better the chance returns will be positive. Some research we view shows some reduction in inflation possible through the following: lower commodity prices, supply chain issues normalizing, fading pandemic effects and the strong dollar. Also, shipping costs appear to be lower. This a brief discussion of how we got here and it's our utmost goal to guide you along the path of long term planning and staying focused on your long term objectives.

Jim Ed Summers, CRPC®, CFP® is Senior Vice President, Wealth Management at SWK Financial Planning Advisors of Raymond James, 3945 N. Vantage Dr., Suite 3, Fayetteville, AR 73703. He can be reached at 479.435.9955 or [jimed.summers@raymondjames.com](mailto:jimed.summers@raymondjames.com).

Raymond James & Associates, Inc., member New York Stock Exchange/SIPC

Any opinions are those of Jim Ed Summers and not necessarily those of Raymond James. Expressions of opinion are as of this date and are subject to change without notice. The information has been obtained from sources

considered to be reliable, but we do not guarantee that the foregoing material is accurate or complete. The information contained here does not purport to be a complete description of the securities, markets, or developments referred to in this material. Any information is not a complete summary or statement of all available data necessary for making an investment decision and does not constitute a recommendation. Past performance may not be indicative of future results. Future investment performance cannot be guaranteed, investment yields will fluctuate with market conditions. Investing involves risk and you may incur a profit or loss regardless of strategy selected. Prior to making an investment decision, please consult with your financial advisor about your individual situation.