

Quarterly Newsletter: *Quarter ending Dec. 2021*

**Fearing the Fed:** The stock market is starting 2022 on the back foot. This negative sentiment is primarily due to the pivot by the Federal Reserve to begin interest rate increases to counter extreme high inflation stoked by supply chain issues. As of this note, the S&P500 is off more than 7% year to date and the NASDAQ is off more than 10% from recent highs.

Major Equity Indices	TOTAL RETURNS								
	YTD	1 Wk	1 Mo	3 Mo	6 Mo	12 Mo	3 Yr*	5 Yr*	10 Yr**
S&P 500	-7.66%	-5.67%	-5.32%	-3.01%	1.59%	15.74%	20.07%	16.21%	16.52%
S&P Midcap 400	-8.67%	-6.76%	-5.60%	-6.84%	-2.37%	7.07%	14.27%	10.81%	14.16%
S&P Smallcap 600	-8.49%	-7.63%	-5.89%	-6.83%	-3.21%	6.67%	13.05%	10.64%	14.44%
S&P 1500 Composite	-7.74%	-5.78%	-5.35%	-3.33%	1.24%	14.99%	19.52%	15.70%	16.32%
Russell 1000	-8.19%	-5.81%	-5.96%	-4.82%	-0.28%	12.77%	19.88%	16.01%	16.52%
Russell 2000	-11.44%	-8.07%	-9.69%	-13.21%	-10.57%	-6.27%	11.59%	9.37%	13.21%
Russell 3000	-8.39%	-5.94%	-6.21%	-5.36%	-0.96%	11.43%	19.31%	15.55%	16.28%
Dow Jones Industrial Average	-5.63%	-4.55%	-3.38%	-3.29%	-0.61%	11.96%	13.92%	14.07%	14.19%
The NASDAQ Composite	-11.98%	-7.55%	-10.22%	-9.35%	-5.58%	2.45%	25.42%	21.09%	21.03%
MSCI All-Country World Ex US	-1.23%	-1.88%	1.52%	-2.34%	-0.48%	1.59%	10.71%	8.79%	7.27%
MSCI Europe	-2.42%	-2.05%	1.27%	-0.95%	1.32%	8.72%	9.65%	6.74%	5.54%
MSCI EAFE	-2.18%	-2.08%	0.57%	-1.65%	1.00%	6.29%	11.49%	9.20%	8.63%
MSCI Emerging Markets	1.03%	-1.04%	3.43%	-3.47%	-4.22%	-9.53%	9.64%	9.64%	5.83%
FTSE All-World	-5.33%	-4.16%	-2.92%	-3.48%	-0.02%	8.64%	16.33%	13.18%	12.46%
Altorian MLP	6.74%	-3.62%	11.67%	-2.04%	8.74%	36.46%	0.25%	-1.76%	-0.30%

Market corrections are normal and healthy. The prices of growth stocks decline in an environment of rising interest rates. The recent shift out of growth into value shows the importance of maintaining a diversified portfolio that reflects your risk tolerance and cash needs. Other global dynamics, from a buildup of Russian troops along its border with Ukraine, and Covid19 omicron cases, plays on sentiments going into a third year of dealing with the virus.

### Tightening Without Turmoil

How the S&P 500 performs in Fed rate-hike cycles



Source: Truist Advisory Services

Bloomberg

FED interest rate tightening and the pending reduction of its \$9 trillion balance sheet could

and has in the past triggered a recession. Many economists feel this probability is low at this time given the high rate of employment and other positive economic factors. The FED delay in raising rates means sooner and more frequent rate hikes to lower inflation back to near 2 – 3%. Consequently, expect slower GDP economic growth from in 2022 and 2023.

Statistics from Equitable BY THE NUMBER\$

1. A MILLION LESS - In the fall of 2019 (pre-pandemic), 15.47 million undergraduates were enrolled in college. In the fall of 2021, 14.44 million undergraduates were enrolled (source: Nat'l Student Clearinghouse Research Ctr.).

2. CARS IN DEMAND - The price of “new vehicles” increased +11.8% in 2021, dwarfed by the +37.3% increase in the price of “used cars and trucks” last year (source: Bureau of Labor Statistics).

3. GOING MY WAY? - The 3 most popular states to move into during 2021 were Texas, Florida, and Tennessee. The 3 states with the greatest outflow of people during 2021 were California, Illinois, and Pennsylvania. The rankings are based on more than 2 million rentals of moving trucks last year that involved a “1-way” interstate movement of furnishings, personal belongings, and clothing (source: U-Haul Migration Trends 2021).

[Sources: JP Morgan Chase Guide to the Markets, John Hancock Investment Management, Vanguard Perspective, Morningstar.com, Zacks Investment Research, Bloomberg L.P., Equitable, First Trust]

### Educational Series via Zoom Continue

Every 2<sup>nd</sup> Thursday of the month at 4PM PST. Replays of past sessions are posted at [www.labwealthmanagement.com](http://www.labwealthmanagement.com) click Events Calendar.

## LAB Wealth Management LLC

**January:** 2022 intensions and the Markets Expectations [replay on site]

**February:** Understanding Real-Estate Investments – Jason Matthews @ GoldbarTeam

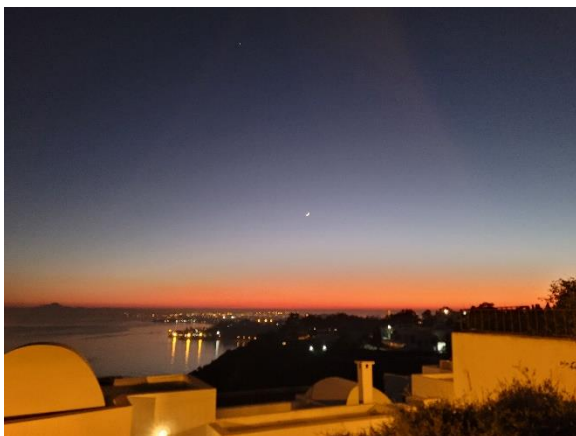
March: 2022 Tax planning – Questions and Answer Session

April: Estate Planning Seminar

### Business Up-date

The Pandemic has definitely made traveling a challenge. My goal is to visit 50 countries by age 50, and after Jan 26<sup>th</sup> I'll have 2 years to make this happen, with 7 more to go. I touched down in Tunisia [#43], North Africa for the first time and had the chance to experience the culture, food, and architecture. Trip planning these days is on par with making other complex decisions and can be as exhausting as the jet lag. I'm double vaccinated and boosted and followed Covid-19 protocols and guidance per each area visited. I think that we have to continue to live and make the decisions that not only benefit ourselves, but, as importantly secure the wellbeing and health of our fellow local, national, and global communities.

Sunset from Tunis, Tunisia January 2nd and Sunrise over the Mediterranean at Torremolinos, Spain January 10th.



LAB Wealth is in discussions with an accounting practice to acquire a financial interest in that practice. There are synergies to gain in having direct access to tax planning for those who choose to use this service. Clients of the accounting practice will also have an unsolicited option to LAB Wealth Management's financial planning, investment and insurance services.

*Thanks for your continued support! Wishing you a happy, healthy, and prosperous year.*

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### Disclosure

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