

## DECEMBER 2021 MARKET COMMENTARY

Markets saw an uptick in volatility in November on news of a new Omnicron COVID-19 variant and the Fed making additional pronouncements about tapering. The broad market Standard and Poor's 500 Index shed a bit more than 1% for the month. As we enter the end of the year, we would not be surprised by some seasonal weakness in the market bringing about volatility from tax-loss selling and from general profit taking as investors rebalance their portfolios here at year end. Coupling season weakness with potential headlines around Omnicron and the Fed beginning to taper, and we would expect some volatility through the month. We are viewing dips in the market as longer-term buying opportunities as liquidity and credit conditions remain very strong.

For investors with questions about the Fed's tapering and what it means for the market, we encourage you to look at our paper on this, [by clicking here](#). In short, it is important to note that Fed tapering does not mean they are going to pull out their support of the economy and markets. It simply means that they are going to gradually reduce that support. If we compare the economy to a car driving down the highway, and the Fed as the driver, the Fed has had their foot on the gas since March of 2020. By tapering, or slowing their purchase of assets on the open market, the Fed is not pressing the brakes, they are not even taking their foot off the gas, they are simply reducing the pressure at which they are pressing on the gas pedal. As long as liquidity and credit conditions remain strong (and the government continues with easy fiscal and monetary policies) we do remain constructively bullish.

In all, we remain positive about the long-term and urge clients to continue to tune out "market noise" as much as possible. Our clients have a financial plan and are invested for the long-term—their financial future. As such, we do not take sudden action in response to short-term market movements. We monitor the markets and our clients' financial plans; we adjust as needed and for now view any short-term pullbacks in the market as long-term opportunities.

We hope that you all have a wonderful holiday season surrounded by loved ones. Here is to a happy, healthy, and prosperous New Year!

As always, should you have any questions, please contact our office.

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*Data sources: Economic: Based on data from U.S. Bureau of Labor Statistics (unemployment, inflation); U.S. Department of Commerce (GDP, corporate profits, retail sales, housing); S&P/Case-Shiller 20-City Composite Index (home prices); Institute for Supply Management (manufacturing/services). Performance: Based on FactSet data. News items are based on reports from multiple commonly available international news sources (i.e. wire services) and are independently verified when necessary with secondary sources such as government agencies, corporate press releases, or trade organizations.*