

MONTHLY VIEWPOINT

OUR CURRENT VIEW ON INVESTMENTS AND THE ECONOMY

OCTOBER 2022



PARALLEL
PORTFOLIOS

BIG THOUGHT

Financial markets and the economy can behave in odd ways at times. For example, right now good news from the economy is being viewed in a negative way by investors because it makes it more likely the Fed will increase rates higher and/or for longer. It turns out the job market (see next page) is actually too strong. As a result, it is a big contributor to the high inflation that the Fed is intent on bringing down. So, they will risk people losing jobs and the economy slowing, perhaps notably, to keep inflation under control. It is this push and pull and all the other lasting repercussions from the pandemic that is creating this volatile period in the markets. We continue to believe this volatility could last for an extended period, but **investors should be reminded that great opportunities can come from these periods.** Whether it is from more attractive valuations, or new leadership areas in the stock market, it is best to stick to an investing discipline and not to allow shorter-term fluctuations to alter longer-term plans.

DASHBOARD

-  TREND
-  VALUATION
-  SENTIMENT
-  ECONOMY
-  CREDIT

BULLISH

- Investor sentiment still negative, a contrarian positive
- Consumer better positioned than entering most slowing periods
- Job market stronger than typical start of slowing period
- Decline in many commodity prices should help lower inflation
- Rise in rates offer appeal for short-term cash
- Stocks oversold on some metrics

BEARISH

- Russia/Ukraine war continues and causing significant economic difficulty for Europe
- Fed and other central bank's moving aggressively to remove stimulus
- Inflation remains too high
- Stock price trends are weak
- Strong U.S. Dollar hitting many large corporation's earnings
- Housing market slowing

MONTHLY VIEWPOINT

OUR CURRENT VIEW ON INVESTMENTS AND THE ECONOMY

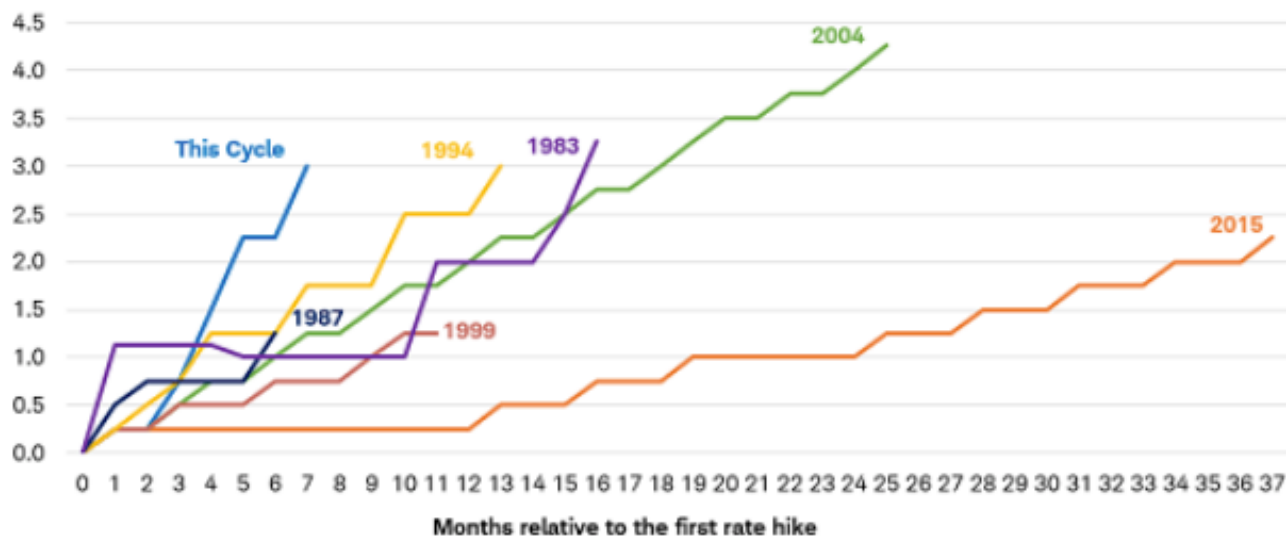
OCTOBER 2022



PARALLEL
PORTFOLIOS

CHART OF THE MONTH

Change in Fed Funds Rate (%)



After months of referring to inflation as transitory, the Fed has reversed course and is acting much differently. In fact, the above chart shows the unprecedented speed with which they are increasing rates, with more expected. This has increased the likelihood of a recession, caused declining prices in most assets and significantly increased mortgage rates. The silver lining is attractive rates for short-term cash can finally be found, but still not enough to keep up with inflation. Will the Fed go too far? Have investors and the weak stock market already factored that in? The weeks and months ahead may provide the answers to those difficult questions.

GREG TOWNER, CFA, CMT

CHIEF INVESTMENT OFFICER

Mr. Towner has worked in the investment industry since 1999 and received his MBA from the University of Central Florida and BA from the University of Mount Union. At Parallel he oversees the implementation of the firm's overall investment philosophy and is the Senior Portfolio Manager for several strategies. Prior to his current role Mr. Towner was comanager of large cap core and equity income portfolios totaling approximately \$1 billion at Sterling Capital Management. He holds the designations of Chartered Financial Analyst and a Chartered Market Technician.

BRIAN BOUGHNER, CFA, CMT

PRINCIPAL

Mr. Boughner has worked in the investment industry since 2000 and holds a BS from Florida State University. He is a cofounder of Parallel, a Senior Portfolio Manager for several strategies and has developed the firm's quantitative tools. Prior to Parallel he had extensive experience with U.S. Trust, BB&T Wealth, Royal Bank of Canada (RBC Centura), Amsouth Bank, and Charles Schwab Co. Mr. Boughner holds the designations of Chartered Financial Analyst and Chartered market Technician.

THE INFORMATION PROVIDED IN THIS PRESENTATION SHOULD NOT BE CONSIDERED A RECOMMENDATION TO PURCHASE OR SELL ANY PARTICULAR SECURITY. PARALLEL FINANCIAL RESERVES THE RIGHT TO MODIFY ITS CURRENT INVESTMENT STRATEGIES AND TECHNIQUES BASED ON CHANGING MARKET DYNAMICS OR CLIENT NEEDS. IT SHOULD NOT BE ASSUMED THAT ANY OF THE SECURITIES TRANSACTIONS, HOLDINGS OR SECTORS DISCUSSED WERE OR WILL PROVE TO BE PROFITABLE, OR THAT THE INVESTMENT RECOMMENDATIONS OR DECISIONS WE MAKE IN THE FUTURE WILL BE PROFITABLE. INVESTING INVOLVES THE RISK OF LOSS OF PRINCIPAL. THERE IS NO ASSURANCE THAT ANY SECURITIES, SECTORS OR INDUSTRIES DISCUSSED HEREIN WILL BE INCLUDED IN ALL PORTFOLIOS INVESTED IN THE STRATEGY. CLIENTS HAVE THE ABILITY TO IMPOSE REASONABLE RESTRICTIONS ON THE MANAGEMENT OF THEIR ACCOUNT. YOU SHOULD CONTACT PARALLEL FINANCIAL SHOULD YOUR INVESTMENT OBJECTIVE, TIME HORIZON OR GENERAL FINANCIAL SITUATION CHANGE, OR IF YOU WOULD LIKE TO HAVE A MEETING TO DISCUSS YOUR ACCOUNT. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS. THE S&P 500 INDEX IS UNMANAGED AND IT IS COMPRISED OF PRIMARILY LARGE CAPITALIZATION STOCKS. PARALLEL FINANCIAL PARTNERS IS A MEMBER OF FIDUCIARY ALLIANCE, LLC. FIDUCIARY ALLIANCE, LLC IS A REGISTERED INVESTMENT ADVISER. MORE INFORMATION ABOUT THE FIRM CAN BE FOUND IN ITS FORM ADV PART 2, WHICH IS AVAILABLE UPON REQUEST BY CALLING 864-385-7999 OR EMAILING INFO@PARALLELFINANCIAL.COM.