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September and October tend to be the most unfriendly time of the year for the stock market, and this year has proven itself to be perfectly normal. The issues that have caused an increase in uncertainty, and therefore volatility, are:

1. Raising the debt ceiling of the Federal Government so that the United States can fund past spending and current expenses. Will the government default on the national debt?
2. Covid 19 and the Delta Variant. How bad will it get?
3. Inflation and supply chain issues. Is inflation here to stay? How long will the supply chain be constrained? Is this the new normal?
4. Rising interest rates. Will the Fed make a move that upsets the market? How high will they go?
5. It's just been too long since the market went down!

Item number 5 may be the biggest issue in the list. Sometimes the market just needs to have a healthy pullback or "correction" for investors to feel stocks are not overvalued. Many stocks in the market are down over 10% from their highest levels and have corrected already. It is just the indexes, such as the Dow Jones Industrial Average, the S&P 500 and the Nasdaq 100, that have not suffered as much because they are concentrated in stocks like Apple, Facebook, Amazon, Google, Netflix & Microsoft. There has been what I would call a "stealth correction" in the other stocks within the market. We may see an overall decline of 10% to 20% within the next 6 months, but the long-term thesis is still intact. Trying to time or outsmart the market is a losing game.

Supply chain issues will not be alleviated any time soon. Consumers are flush with cash and interest rates will remain historically low for some time. If we have a correction, it will reset expectations in the short term, and we will rally ahead to new highs. I welcome it. We have planned for it and assumed it will happen in your financial plan. We will get through it like we do every time. We will look for opportunities and seize them. In the meantime, enjoy the Fall as we head into year end and know how grateful we are to be working on your behalf every day.



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