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February 2022 Takeaways

- *A new year brings change, including our routine updates on the markets.* It is easy to grow complacent as investors (and advisors). This missive is going to shift gears slightly to focus more on current and forward-looking data to keep our comments timely.
- *A new year will bring new challenges, but as I always like to say, “Without challenges, success is meaningless.”* You have to challenge yourself every day! Per usual, investors had a mixed bag of data to unpack and make sense of. The current hysteria over the latest viral variant is masking some genuine concerns on the economic front, although they are all related in one form or another. For instance, when trying to make sense of the current weakness on the labor front, remember that vax mandates are causing some to lose their jobs!
- *As we look forward to the year ahead, we get a new relative value reading.* Take a peek at the current [Relative Value](#) (click link to view) chart. Based on the target for 2022, the market is actually under valued at current levels. That is something to be optimistic about.
- *It is not unusual for stocks to struggle after two years of strong performance.* Even considering the fact that we are solidly in the most historically profitable period for stocks, we still have to contend with the reality that equities tend to give up some ground following back-to-back double digit returns.
- *The fundamental case for owning equities remains intact.* Trailing earnings were up over 50% year-over-year although analysts have trimmed forward estimates for 2022 earnings, but they regularly do this to hedge their bets.
- *While the world continues to focus on Russia, we remain focused on fundamentals.* In the next letter, we will take a look under the hood to try to make sense out of the latest inflation scare. Teaser alert. Inflation is and always has been a monetary phenomenon. Stay tuned!

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