



Vineyard Financial Group

Richard Benson, CWS®
Financial Advisor

WINTER 2023

Welcome to 2023, and I wish you a very happy new year!

I hope your Christmas and New Year weekends were filled with warmth and joy.

So, what are your expectations for 2023? Optimism or pessimism? I'd be interested to know, if you want to email your feelings to rbenson@vineyardfinancial.net.

As for me, I maintain guarded opti-pessimism. Guarded because I believe there are significant headwinds for the U.S. economy in 2023, and therefore, the stock and bond markets. According to the Financial Times, 2022 was the worst year for stocks and bonds combined since 1871!

Here are the depressing market index numbers for 2022: (Source: Bloomberg)

S&P 500:	-18.34%
DJIA:	-7.02%
NASDAQ:	-32.93%
MSCI EAFE:	-13.86%
Barclay's US Agg Bond:	-12.88%

The good news is that stocks are already at relatively low prices, right now, and may get cheaper yet, this year. That means potentially lucrative buying opportunities when the markets begin to turn around. Also, keep in mind that the stock market looks ahead 6 – 12 months, and may turn around before the economy makes better times detectable. So a market turnaround could potentially take place in 2023, even when economic conditions don't look very rosy.

We gradually increased cash positions for many of you in 2022. Cash is a more viable place to allocate right now, due to rising interest rates. And that cash will be ready for deployment back into equities once we feel we are receiving the right signals from the markets and the management systems we trust. And now at discounted prices!

I've included a second page to this letter that lists some of the economic headwinds we face as we begin 2023. Will all these factors come into play in 2023? We don't know. But much of the mainstream financial media does not want to focus on these issues.

The BEST news is that in Christ, we do not have to depend on man's economy, but rather God's:

"And God is able to make all grace abound toward you, that you, always having all sufficiency in all things, may have an abundance for every good work." -- II Corinthians 4: 8

I pray your 2023 is trending toward **personal abundance!**

Sincerely, **RB**

3101 N. HEMLOCK CIRCLE, SUITE 130 • BROKEN ARROW, OK 74012-1337 • 918-488-8588 • FAX 918-492-5736
www.vineyardfinancial.net

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- On a year-over-year basis, pending home sales collapsed 38.60%, the largest annual drop ever -- Zerohedge
- The Environmental Protection Agency (EPA) finalized a rule Tuesday that will impose stricter nitrogen dioxide emissions standards on new heavy-duty trucks, a move that will substantially hike operating costs for truckers and consumers, according to experts and industry representatives. -- The Daily Caller News Foundation.
- Former Russian President and current Russian official Dmitry Medvedev predicted oil will reach \$150 per barrel.
- The Fed is raising rates at the fastest pace of the last 40 years. They believe this is needed to stop inflation from destroying the economy. -- Federal Reserve Data
- According to the Philadelphia Federal Reserve, the US Bureau of Labor Statistics overstated job growth this year by at least 1.1 million.
- The world's three largest economies—US, China, and the Euro area—will continue to stall. “The worst is yet to come and for many people, 2023 will feel like a recession”. -- IMF Chief Economist Pogourinchas
- A June report from Kabbage, the small business lender owned by American Express, found that about 20 percent of small businesses don't think they can survive the current downturn. This is extremely bad news because small businesses are the engine of the U.S. economy.
- There are about 31.7 million small businesses in the country, according to federal data, and those businesses are responsible for employing nearly half of America's working population, or about 58.9 million workers, according to data reported by Pie Insurance. The U.S. Small business Administration reports that 99.9 percent of all firms in the U.S. are small businesses that employ less than 50 people.
- “In line with weak demand, new business fell at a solid pace in November,” S&P Global elaborated. “The second successive monthly decrease in new orders was the sharpest seen since May 2020.”
- Job wages are declining for both job holders and job changers. Full time jobs have decreased by 288K in the past 10 months, while part-time jobs have increased by 886K. Real wages have declined for a record 18 consecutive months. -- ADP
- According to a recent Gallop poll, 79 percent of Americans predict economic difficulties in the coming year, with only 20 percent expressing optimism. An even higher percentage of Americans, 81 percent, believe taxes will rise. (Perceptions can become reality!)