

October 2021

Dear Fellow Investors,

Since my first experience with investments in 1983, I have witnessed many concerning times. 2020 and now 2021 have far exceeded all I can recall. Uncertainty seems to be present in a variety of forms, but I'm here to talk about investing.

The topic can be complex, but the basics of investment are much easier to discuss because they directly relate to our economy. Sure, some investments will outshine the economy from time to time, but investments tend to follow the economic trend, for better or worse.

Since the purpose of business is to fill some sort of need in a profitable way, society tends to be happier during times of a growing economy. Typical of an improving economy are higher levels of revenue for companies and individuals. Companies may be more profitable and their employees can find more money in their pockets, but more income isn't the only common symptom of economic growth since expenses must be considered too.

The “bucket” we collect our savings in has a few holes in the bottom. These “holes” represent taxes and the cost of goods and services. If taxes or cost of goods increase (inflation) our economy suffers. So, lower taxes and inflation allow the economy a much better chance for continued economic growth. If these factors are not held in check, these holes can widen as taxes and inflation absorb a greater proportion of revenue.

When economies slow, the smiles that come from having more can be replaced by the frowns of concerned people. In modern times governmental actions can have a major impact on the economy, particularly during times when other factors like war, or a pandemic are also interfering with growth. The affect of government actions can be dramatic and our recent past provides very graphic examples of good and bad decisions.

As investors, you and I will need to watch the economy and government actions to make a guess about which way our economy will go. When our crystal ball speaks its wisdom, we should reassess our investments and expectations to align our personal view of the future. Woods Financial and Insurance Services is here to help you; give us a call.

Kindest Regards,

Bruce W. Woods
President, Woods Financial & Insurance Services
Registered Representative, LPL Financial

THE WOODSHED

*The tools and information you need to make smart financial decisions in today's economy,
provided by Woods Financial and Insurance Services.*

September 30, 2021

Required Minimum Distributions Return For 2021

The requirement to take your Required Minimum Distribution returns this year. Please be sure your RMD is scheduled. Give us a call for help, 925-246-6040.

Covid-19 Continues To Affect Our Economy

According to Yahoo Finance, the **Dow Jones 30 Industrial Average increased** by 10.58% for the year to date, ending September 30, 2021. Over the same period, bond values, as reported by **Standards and Poor's**, "**The Bond Index**", were negative by 0.01%. Declining bond values seem to be occurring during a period of higher inflation; something commonly expected.

Stimulus, The Cure?

Once a door is opened, it may be difficult to close. We have seen substantial "stimulus" payments from the government. These payments may have been beneficial to our economy, so why not have more payments? Well, payments from the government come from printers and not productive effort. The more there is of something the less it is worth. How much would gold be worth if it was the rock that needed to be removed in order to build? Money is no different and a glut of money makes a dollar less valuable. When you need to buy something, it should come as no surprise it takes more dollars to purchase that thing. So, stimulus is like a powerful drug. Used properly the drug may help a person in need, but if too much is given the drug effect might be far worse than the original problem, but the door to "stimulus" has been open. Further stimulus payments could move the markets higher initially, but the negative effects might damage our economy for a long time to come. As investors, our profit should come from increased corporate profit as they sell more and more of their goods and services, not because of stimulus. Let's hope the government will show restraint and close the open door while we still can.

Political Turmoil and A Variety of Challenges Seem to Unsettle Financial Markets What Is An Investor To Do?

The year of 2021 has been filled with a wide variety of events that some consider unsettling to our financial markets. The importance of these challenges like immigration or taxation is obvious and how to correct them may not currently be clear. What is known is all these challenges will be overcome. The process of dealing with each challenge will likely be complex, but solutions will come. As investors we are participants in an act of faith. Since no one can predict our future profit or loss, we invest because we believe in our economic system and our ability to fix problems. We have always had some kind of threat, but our country is strong because of our ability to find solutions. I have faith we will overcome each challenge ahead of us and investing for the long run still makes sense.