

Market Commentary

For the week of January 24th, 2022

The Markets

| Returns Through 1/21/22 | WTD | YTD | 1 Year | 3 Year | 5 Year |
|----------------------------|-------|--------|--------|--------|--------|
| Dow Jones Industrials (TR) | -4.55 | -5.63 | 11.996 | 13.97 | 14.09 |
| NASDAQ Composite (PR) | -7.55 | -11.98 | 2.42 | 25.45 | 21.06 |
| S&P 500 (TR) | -5.67 | -7.66 | 15.76 | 20.16 | 16.25 |
| Barclays US Agg Bond (TR) | 0.05 | -1.77 | -2.53 | 4.17 | 3.19 |
| MSCI EAFE (TR) | -2.08 | -2.19 | 5.72 | 10.88 | 8.61 |

Observations

- U.S. equities moved lower this week as indicated by the S&P 500 which was down -5.67% on the week.
- In the U.S., smaller sized companies underperformed their larger-sized counterparts, as the Russell 2000 index decreased by -8.07% on the week.
- International stocks as measured by the MSCI EAFE were negative on the week, down -2.08%, outperforming domestic stocks.
- Emerging market stocks were down on the week with the MSCI EM decreasing -1.04%.
- U.S. investment grade bonds were positive last week with the Bloomberg Barclays U.S. Aggregate Bond index up +0.05%

Data Obtained from Bloomberg as of 1/21/2022



Economic Review

- Housing starts for the month of December increased 1.4% month-over-month, well above economists expectations of a -1.7% decrease.
- Existing home sales for the month of December decreased -4.6% on a month-over-month basis which was well below the expectation of a -0.6% decrease.

INSIGHT: Home construction ended 2021 on an overall upbeat note, rising for a third consecutive month to end the year. However, all of the gains for December were attributable to multi-family starts, which were up 10.6% for the month while single family starts dipped -2.3%. With interest rates set to increase, the demand for single family properties may start to slip. If this is the case, demand may begin shifting toward the rental sector, increasing demand for multi-family properties. Single-family starts were up 12.3% in 2021 while multi-family starts rose 20.0%. After posting three consecutive increases, existing home sales slipped in December. Although sales faded slightly late in the year, 2021 was very strong as over 6 million homes were sold, the highest mark since 2006. The median price of an existing home rose to \$358,000 in December, up 15.8% compared to 2020.

A Look Forward

- The Conference Board Consumer Confidence Index will be released on Tuesday, and the expectation among economists is for the index to fall to 111.8 from the previous reading of 115.8.
- Gross Domestic Product (GDP) for the fourth quarter will be released on Thursday, and the expectation is for GDP to increase by +6.0% for the quarter on an annualized basis.
- The Personal Consumption Expenditure (PCE) will be announced Thursday, the survey estimate is expecting an increase of +0.4% on a month-over-month basis.

INSIGHT: Consumer perceptions regarding inflation and its significance and persistence are important in determining actual inflation. In response to these expectations, businesses tend to raise prices, and workers tend to demand wage increases to compensate for the rise in prices. Former Fed chair Ben Bernanke stated in 2007 “if the public experiences a spell of inflation higher than their long-run expectation, but their long-run expectation of inflation changes little as a result, then inflation expectations are well anchored. If, on the other hand, the public reacts to a short period of higher-than-expected inflation by marking up their long-run expectation considerably, then expectations are poorly anchored.” While current inflation expectations matter, their relation to longer-dated expectations are also drivers of price increases. In terms of economic growth, the United States is expected to wrap up a strong 2021 as the fourth quarter results for GDP will be announced. Although the Omicron Variant was a disruptor late in the year, economic growth is still projected to be strong and close off an above trend 2021.



BY THE NUMBERS

STOCK CORRECTION - After closing at an all-time high of 16,057 on 11/19/2021, the NASDAQ Composite index has fallen 14.2% (total return) over the next 2 months to close at 13,769 on Friday 1/21/2022. The NASDAQ Composite is an unmanaged index of securities traded on the NASDAQ system (source: NASDAQ).

UP/DOWN - The S&P 500 index has been up 40 of the last 50 years, i.e., 1972-2021, gaining an average of +11.1% per year (total return). The stock index has produced an average annual gain of +18.8% (total return) during the 40 "up" years while losing an average of 14.8% per year (total return) during the 10 "down" years. The S&P 500 is down 7.7% YTD (total return) through Friday 1/21/2022. The S&P 500 consists of 500 stocks chosen for market size, liquidity, and industry group representation. It is a market value weighted index with each stock's weight in the index proportionate to its market value (source: BTN Research).

WHICH SHOULD YOU FOLLOW? - As of 12/31/2021, the S&P 500 represents 79% of the stock market capitalization of the entire US stock market, i.e., \$42.4 trillion of \$53.4 trillion. As of 12/31/2021, the 30 stocks that make up the Dow Jones Industrial Average represents just 22% of the stock market capitalization of the entire US stock market, i.e., \$12.0 trillion of \$53.4 trillion (source: BTN Research).

A MILLION LESS - In the fall of 2019 (pre-pandemic), 15.47 million undergraduates were enrolled in college. In the fall of 2021, 14.44 million undergraduates were enrolled (source: Nat'l Student Clearinghouse Research Ctr.).

Reprinted with permission from BTN. Copyright © 2021 Michael A. Higley.

Index performance does not reflect the deduction of any fees and expenses, and if deducted, performance would be reduced. Indexes are unmanaged and investors are not able to invest directly into any index. Past performance cannot guarantee future results. Investing involves risk, including the potential loss of principal. No investment strategy can guarantee a profit or protect against loss. In general, the bond market is volatile; bond prices rise when interest rates fall and vice versa. This effect is usually pronounced for longer-term securities. Any fixed-income security sold or redeemed prior to maturity may be subject to a substantial gain or loss. Vehicles that invest in lower-rated debt securities (commonly referred to as junk bonds or high-yield bonds) involve additional risks because of the lower credit quality of the securities in the portfolio. International investing involves special risks not present with U.S. investments due to factors such as increased volatility, currency fluctuation, and differences in auditing and other financial standards. These risks can be accentuated in emerging markets. The statements provided herein are based solely on the opinions of the Advisor Group Research Team and are being provided for general information purposes only. Neither the information nor any opinion expressed constitutes an offer or a solicitation to buy or sell any securities or other financial instruments. Any opinions provided herein should not be relied upon for investment decisions and may differ from those of other departments or divisions of Advisor Group or its affiliates. Certain information may be based on information received from sources the Advisor Group Research Team considers reliable; however, the accuracy and completeness of such information cannot be guaranteed. Certain statements contained herein may constitute "projections," "forecasts" and other "forward-looking statements" which do not reflect actual results and are based primarily upon applying retroactively a hypothetical set of assumptions to certain historical financial information. Any opinions, projections, forecasts and forward-looking statements presented herein reflect the judgment of the Advisor Group Research Team only as of the date of this document and are subject to change without notice. Advisor Group has no obligation to provide updates or changes to these opinions, projections, forecasts and forward-looking statements. Advisor Group is not soliciting or recommending any action based on any information in this document. Securities and investment advisory services are offered through the firms: FSC Securities Corporation, Royal Alliance Associates, Inc., SagePoint Financial, Inc., Triad Advisors, LLC, and Woodbury Financial Services, Inc., broker-dealers, registered investment advisers, and members of FINRA and SIPC. Securities are offered through Securities America, Inc., a broker-dealer and member of FINRA and SIPC. Advisory services are offered through Arbor Point Advisors, LLC, Ladenburg Thalmann Asset Management, Inc., Securities America Advisors, Inc., and Triad Hybrid Solutions, LLC, registered investment advisers. Advisory programs offered by FSC Securities Corporation, Royal Alliance Associates, Inc., SagePoint Financial, Inc., and Woodbury Financial Services, Inc., are sponsored by VISION2020 Wealth Management Corp., an affiliated registered investment adviser. Advisor Group, Inc. is an affiliate of these firms

Mark Temperato, CLU, ChFC, RICP
Wealth Management Advisor/Partner
580 Fishers Station Rd. Victor, NY 14564
Office: 585-466-3275
Cell: 585-356-9658
MTemperato@DashCapitalAdvisors.com



Matt Piaseczny, ChFC, RICP
Wealth Management Advisor/Partner
580 Fishers Station Rd. Victor, NY 14564
Office: 585-466-3270
Cell: 585-451-4028
MPiaseczny@DashCapitalAdvisors.com

Registered Representatives offer securities through Securities America, Inc., member FINRA/SIPC. Investment Advisor Representatives offer financial advice through Securities America Advisors, Inc. Dash Capital Advisors and Securities America are separate companies. If you no longer want to receive this newsletter, please reply to this email with the word 'Unsubscribe' in the subject line. We will promptly remove your email from this newsletter's delivery list.