



KINSEY
WEALTH MANAGEMENT
OF SC3F WEALTH MANAGEMENT GROUP

The Kinsey Report

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The markets are hyper-sensitive to any comments coming out of the FED currently. The volatility this is creating, in our opinion, will continue until we see inflation data settle down enough for the FED to begin talking about a rate cut. This may take some time.

THE MARKET

The S&P 500 finished 2021 at 4766.18* and 2022 at 3839.50*, down 19.44% for the year. An extremely challenging year to say the least. As of this writing, the S&P 500 stands at 4002.87*, up approximately 4.25%* so far in 2023. The S&P 500 remains more than 23.90% higher than the year-end close in 2019 of 3230.78*. Corporate earnings and employment are showing signs of stress, as inflation continues to create further challenges for the economy. In our opinion, the volatility of the market will be with us for a while, and we are not advocates of attempting to time the market. We continue to feel that patience will again be rewarded for investors focused on the longer-term.

*Source: Standard & Poor's Financial Services Company rate of return does not include reinvested dividends.

THE ECONOMY

According to the U.S. Labor Department in a statement released February 14, 2023, the Consumer Price Index (CPI) rose 6.4%, in January from the same month a year ago. The highest year over year rate, in this cycle, was 9.1% in June. The report shows food prices up 10.1% over the past year and electricity up 11.9% in the same period. Both have improved slightly in recent months. The "core" CPI, which does not include food and energy, is up 5.6% vs a year ago, according to the Labor Department. Our opinion has not changed. We feel inflation may have peaked, but is "sticky" and we will likely be faced with these higher price pressures for a few years. Consumers are traveling again and the service sector is recovering. We still feel the worst is likely behind us, but we are far from the end of the inflationary pressure.

AT THE FED

The Federal Open Market Committee (FOMC) released a statement February 1st, raising the Fed Funds target rate by 0.25% to 4.50%-4.75%. We expect the Fed to continue the rate hikes as the inflation challenges are correcting quite slowly. As we said in the September issue and reiterated in the December issue of "The Kinsey Report", in our opinion, the challenge they face may be rooted in the growth in the money supply. Inflation is in essence, too much money chasing too few goods. This situation is improving in parts of the economy, but we feel many areas of the economy are still very overheated. The FED has an enormous challenge to manage inflation while maintaining a 'soft landing' with the economy. We feel a recession is likely this year, and possibly already occurring.



INVESTMENT COMMENTS

As an avid boater for more than 50 years, I can attest that piloting a boat in a straight line from point A to point B takes constant adjustment. While piloting a watercraft - wind, waves, other boat traffic, and avoiding bad weather all impact our course. My friends who fly tell me it is quite similar with a plane, *(albeit waves don't much matter)*. But, regardless of the disruptions, we keep correcting our heading and eventually reach our destination.

In our opinion, sticking to your investment plan, perhaps making small adjustments along the way, often works in similar fashion. There are always issues to disrupt your course, therefore, we urge you to stay patient, stick with your chosen asset allocation, and we feel you are more likely to reach your desired destination.

As always, please call us at 309-683-8951 if you have any questions.

Asset allocation cannot eliminate the risk of fluctuating prices and uncertain returns.

Unusual Winter!

by Keith Kinsey

As strange as this might seem, one of the things I look forward to each winter is bundling up, climbing on my little tractor and plowing the driveway. I have only had the opportunity to do so once this winter. *(Can't win them all...)*

Additionally, as I drive to the office each day, I've noticed activity we don't typically see this time of year. In front of the office, the telephone company recently moved the lines from the poles to underground. Not something that typically happens in this part of the country in February! Seemingly all winter we have seen foundations being poured and even roofs installed.

The NCEI (National Centers for Environmental Information), is part of NOAA (National Oceanic and Atmospheric Administration). *Sounds pretty official, right?*

Well the NCEI has published that from 1895 to 2020, the temperature in the contiguous United States (lower 48) has experienced a warming trend of 0.16 degrees Fahrenheit per decade. This equates to 2 degrees Fahrenheit over the 125 years ending with 2020.

Well, January may impact that trend slightly, as it happened to tie with 1923 as the ninth warmest in the 127- year record, according to the NCEI. Hence the odd winter activities.

As you may be thinking... *(O.K. you're probably not,)* this warm winter may be skewing some of the economic data. Some of the building activities taking place, for example, that typically can't this time of year. If we are correct, we will see it balance out in the coming months.

In short, we feel the uptick in January economic data may have been just a weather driven blip. Consequently, in our opinion, likely not an indication that we have a better chance of avoiding a recession. We hope we're wrong, but feel we are not.

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Happy Investing!
May God Bless!

The Consumer Price Index (CPI) is a measure of the cost of goods purchased by average U.S. household. It is calculated by the U.S. government's Bureau of Labor Statistics.

Stocks offer long-term growth potential, but may fluctuate more and provide less current income than other investments. An investment in the stock market should be made with an understanding of the risks associated with common stocks, including market fluctuations. The opinions expressed in this report are those of the authors and are not necessarily those of Wells Fargo Advisors Financial Network or its affiliates. The material has been prepared or is distributed solely for information purposes and is not a solicitation or an offer to buy any security or instrument or to participate in any trading strategy.

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The Kinsey Report



Our New Home!

by Keith Kinsey

So in December we stated: *“we expect to be working from our new location, toward the end of January.”* Well, it was closer to mid-February and we are going to be wrapping up some of the detail likely well into April.

But as you can see from the pictures to the right... It's come a long way!

We plan on some kind of an open house once the weather breaks and the final details are complete, but if you're in the area, please give us a call and stop by!



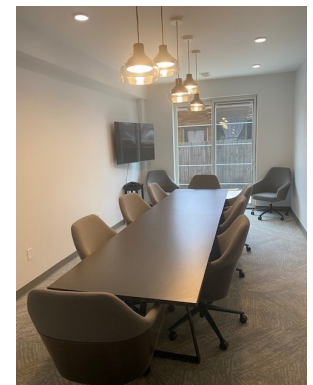
December 2022



March 2023

We appreciate your patience as we continue through this project!

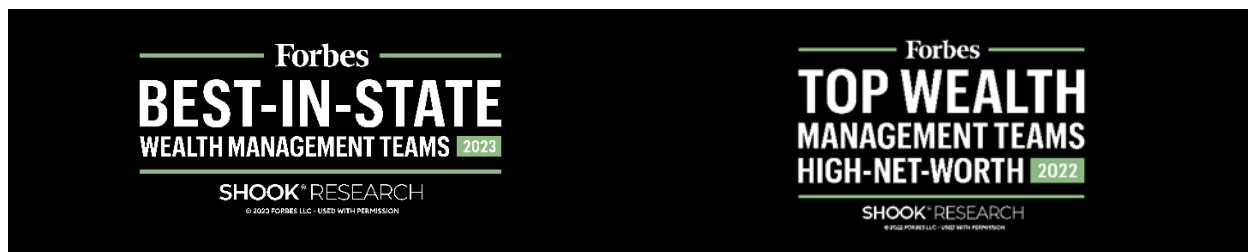
Here are a few more photos:



Team Announcements

Kinsey Wealth Management of SC3F Wealth Management is proud to announce:

We have been named as one of the Forbes Best-In-State Wealth Management Teams for 2023 and one of the Forbes Top Wealth Management Teams for High-Net Worth in 2022.



Kinsey Wealth Management of SC3F Wealth Management was named Forbes Best-In-State Wealth Management Teams for 2023 and Forbes Top Wealth Management Teams for High-Net Worth in 2022. The Forbes Best-in-State Wealth Management Teams and Top Wealth Management Teams rating algorithm is based on the previous year's industry experience, interviews, compliance records, assets under management, revenue and other criteria by SHOOK Research, LLC. Investment performance is not a criterion. Self-completed survey was used for rating. This rating is not related to the quality of the investment advice and based solely on the disclosed criteria. Fee paid for use of logos.

High Net Worth designates advisors whose account sizes are typically under \$10mm, though may have accounts with higher amounts.