

October 2023

Let's talk for a moment about the subject of 'manipulation'.

Have you ever tried to get a young child to smile for the camera when taking family photos? "Look at the birdie over here.", and similar such distractors are effective ways to encourage focus on something OTHER than the primary mission. I've used this technique myself, many a time! Children don't seem to be offended when we trick them in this way. But it's different for adults. We don't appreciate manipulation.

In my opinion, 'Media' are treating us, consumers of information, in manipulative ways. The media-machine controls what is heard and seen on TV, in newspapers, on the internet, radio, podcasts, and so on. After all, we can only consume what is available via these sources. Worse, our teenagers and young people are influenced by SnapChat, Instagram and other apps which provide a 24/7 barrage of data to their phones. The fact is that unless we actively seek out objective data, then in essence, we are being 'controlled' by the providers of this information. We're told what to think, what to be concerned about, whose team to support, and so on. We're told what to buy and sell, how to invest, and who we should believe. As a former teacher of Philosophy, specifically Ethics and Logic, I'm disgusted on a daily basis by the manipulative tactics used by the media system.

As a result of these manipulative efforts, our mindsets, our opinions, and our attitudes are influenced (at the least) and 'controlled', in a loose sense of the term, by the rhetoric. In many cases, this situation of our being 'fed' information is mostly harmless. But, for example, in the case of political discourse, where the information is intentionally provided by a system guided by financial and power motivators, it's potentially more damaging.

Thanks for listening to my diatribe while I vented. I'm passionate about the importance of 'clarity of thought' and well-reasoned discussion.

As we head into Fall, 13 months from the next Presidential election, and as we inch closer to a possible recession, it's critical that we question our mindsets and focus on the big picture...not just the 'birdie'. We must defend our minds against the onslaught of manipulated data that is clearly NOT looking out for our best interests.

Let's shift to a brief discussion of investments. In particular, I want to get ahead of coming discussions regarding I-Bonds. You may remember that the airwaves were flooded with sales information about these investment products more than a year ago. These I Bonds caught investors' attention. They were attractive because the then-current interest rates being advertised were much higher than the interest rates that were available in traditional investments, such as CDs and bonds. Sure, they had a maximum investment of \$10,000. But it seems to me that many people bought these.

Perhaps these decisions to purchase I Bonds were a little bit 'off the cuff', as many people purchased

these investments, based upon what they saw/heard/read, while not fully realizing the 'reward and risk' profile of the investment. Today, interest rates paid by I-bonds are significantly lower than they were when they were popular. Investors are now learning that these are not typical Treasury bonds. Instead, they are a type of Savings Bond, which follow different rules. As a result, we (Greg, Darcy, me and other Financial Advisors) can't assist with the management or sale of these products. That said, if there are questions about these products, certainly give us a call for our opinions.

The third quarter of 2023 is officially complete. We head into the holiday season with an economy that's confused. The S&P 500 index is below its July 27th high of 4607, currently sitting in the 4226 range (changing by the moment). The capitalization-weighted index made up of the 500 largest companies in the US is down about 7% from the summer high. The tech-heavy Nasdaq index hit a high of 15,932 on July 19th and is now sitting in the area of 14,639. It's down approximately 7% as well. Investors will see this reflected in their quarterly statements. After a hot start to 2023, the markets cooled. We aren't surprised. Stocks appear to be expensive, historically speaking.

In our August email, we focused on several important questions centered around the issue of determining the correct value of investments. Are stocks cheap or expensive right now? How much are we paying to own these investments?

The FED didn't raise rates in September. But a rate hike in November is still on the table. We'll see if the FED believes that the inflation beast has been sufficiently tamed. Personally, I don't think inflation has been managed well-enough, yet.

That said, consumer spending continues to slow and debt levels are rising. Employment numbers are good (anyone who wants a job can find one) and so income is steady, but Covid-related savings accounts are dwindling and this source of spending appears to be waning.

As a result, discussions about a possible Recession continue in earnest. Will we have one at all, and if we do, will we experience a Hard or Soft landing? Historically, a Yield Curve Inversion, where short term rates are higher than long term rates, foretells of an impending recession. The average is 18 months from initial inversion to recession. The inversion started in July 2022. Year end 2023 will be consistent with historical timing. But, these are just averages.

So, as we head into year-end, 2023 market performance, which is positive for the year at the moment, primarily boils down to only a handful of tech stocks that were 'juiced' by government spending. We continue with our skepticism about the party continuing too much longer. As a result our portfolios are defensive. With money market funds paying favorable rates right now, we need strong justifications to add 'risk' to client portfolios.

Chris is headed to another intensive investor conference in the coming weeks, and will continue to provide regular updates regarding the team's thinking about the markets, and the best way to navigate these waters. Remember, we tailor our recommendations uniquely to each of our clients. So, if you have changes to your planning, updates to your family's assets or liabilities, or changes to goals and objectives, then please proactively reach out to our team to schedule a meeting.

We head now into the time of year focus upon IRA Required Minimum Distributions and discussions with tax-professionals about Gain/Loss tax harvesting and Roth IRA Conversions needs to take place before year-end. Please let us know if you'd like us to coordinate with your other professionals.

Sincerely,

Chris, Greg & Darcy

Christopher P. Yalanis, MBA

CERTIFIED FINANCIAL PLANNER™ Practitioner

Managing Director - Investments

Branch Manager

CA Insurance License Number: 0K42043

Senior PIM Portfolio Manager

7 Brown & Howard Wharf, Newport, RI 02840

Telephone: 401-848-9949, Direct: 401-848-3009, TEXT: 401-240-4740

Toll Free: 888-848-9738, Fax: 401-847-0329

Email: Christopher.yalanis@wfa.com

Email: Christopher.yalanis@wellsfargoadvisors.com

View our website:

www.yalanispwmg.com

<http://fa.wellsfargoadvisors.com/yalanis-wealth-management-group/>

[CLICK HERE](#) for help with Secure Email from Wells Fargo & Co.

Certified Financial Planner Board of Standards, Inc. owns the certification marks CFP®, CERTIFIED FINANCIAL PLANNER™ and fully registered CFP, which it awards to individuals who successfully complete initial ongoing certifications requirements.

Wells Fargo Advisors did not assist in the preparation of this report, and its accuracy and completeness are not guaranteed. The report herein is not a complete analysis of every material fact in respect to any company, industry or security. The opinions expressed here reflect the judgment of the author as of the date of the report and are subject to change without notice. Any market prices are only indications of market values and are subject to change. 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. Additional information is available upon request.

04042025-5996996.1.1

This email may be an advertisement or solicitation for products and services. [Opt-out from promotional emails.](#)

Investment and Insurance Products are:

- **Not Insured by the FDIC or Any Federal Government Agency**
- **Not a Deposit or Other Obligation of, or Guaranteed by, the Bank or Any Bank Affiliate**
- **Subject to Investment Risks, Including Possible Loss of the Principal Amount**

Invested

Investment products and services are offered through Wells Fargo Clearing Services (WFCS), LLC, Member SIPC, a registered broker-dealer and non-bank affiliate of Wells Fargo & Company. WFCS uses the trade name Wells Fargo Advisors. 1 North Jefferson, St. Louis, MO 63103.

Insurance products are offered through Wells Fargo Advisors Insurance Agency, LLC (and in CA, WFA California Insurance Agency, LLC, license #0D79664) are non-bank affiliates of Wells Fargo & Company.

View our [Electronic communications guidelines](#).