

## **Feeling Comfortably Numb**

June 2023

The title of 1979 Pink Floyd hit tune, *Comfortably Numb*, describes how many investors are feeling with the whipsawing of their portfolios over the past eighteen months. Following a year in which we saw the worst equity returns since the financial crisis and worst bond performance since tracking started in 1976 (Barclays U.S. Aggregate Bond Index), many investors are beginning to feel somewhat comfortable once again as equity and bond index returns are in the green thus far this year.

Even with central banks around the world tightening monetary policy in an effort to slow inflation, there is increasing rhetoric about soft economic landing versus a severe recession. A strong labor market, solid savings levels and consumers' desire to spend during a post pandemic era, have contributed to supporting economic growth. Even geopolitical issues, such as the war in Ukraine and tensions with China, have failed to curb global consumer and investor enthusiasm.

While there is increasing talk about a new equity bull market, investors should take note that while S&P 500 index was up nearly 10% through May, excluding the seven largest technology companies, it was actually down slightly. Increased volatility in some segments of the equity markets, may come opportunities in other areas. For example, fixed income (CD's, bonds) is becoming more attractive with rising interest rates, international equities benefitting from a (finally) weakening U.S. dollar, and rotation to income generating equities as valuations appear more attractive. While we remain positive about long term outlook for equities, investors should be prepared to endure increased volatility in the short and intermediate term.

Market volatility is one reason we stress the importance of having an investment plan that incorporates short, intermediate and long-term needs – having the confidence of covering short-term needs with conservative investments, helps investors manage the volatility of longer-term assets. Even though investors may feel some sense of relief with this year's rebound, it's important not to become too comfortably numb. Having comprehensive reviews will help ensure your investment plan remains aligned with your goals. Please contact us to schedule an in person or virtual review.

Attached you will find a very interesting, yet brief, article on "State of the Markets". In the meantime, we hope you have a wonderful 4<sup>th</sup> of July weekend with family and friends. Please note that our offices will close early on Monday July 3<sup>rd</sup> at 1:30pm EDT and will remain close on July 4<sup>th</sup>.

## **Zak | Jogani Wealth Management Group of Wells Fargo Advisors**

### Our team of Advisors:

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