

# MARKETS HAVE BEEN VERY VOLATILE LATELY

Let us take a quick look at the factors that are influencing markets right now.

## 1. The bull market narrative has shifted

For months, investors have been told a “Goldilocks” story of a strong economy, tamed inflation, and interest rates that were soon to drop.

However, stronger-than-expected economic data and sticky inflation have now complicated the story, and investors have become wary.

There are still plenty of reasons to be optimistic, but

investors are being careful and taking in earnings data to gauge the upside potential of the next weeks and months.

## 2. Interest rates are likely to stay higher longer than we expected (or wanted)

A strong economy and hot inflation mean the Fed is now getting cold feet about cutting interest rates.

What is going on?

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Recent comments by Fed chair Jerome Powell suggest the Fed will keep rates high until economists are confident inflation is fully in reverse.

Some analysts are even pricing in the odds of another rate hike if inflation continues to remain high.

Since investors have been relying on rate cuts coming soon, the new “higher for longer” reality is causing them to reevaluate their positions, further stoking volatility.

## 3. Geopolitical flare-ups are causing tensions to rise

With Israel and Iran trading attacks and a spring offensive gearing up in Ukraine, there are plenty of geopolitical worries, sadly.

Some good news (if there is any good news when so many lives are at stake) is that geopolitical shocks typically only have a temporary impact on markets.

We do not know what lies ahead, but we hope and pray for a peaceful end to the violence.

## 4. Volatility is normal after a prolonged rally.

Here is the bottom line: volatility after a strong rally is quite common.

Especially at the beginning of a new noquarter when investors are digesting earnings reports from the previous quarter and reassessing company performance.

## 5. Our crystal ball is in the shop, so we cannot tell you with certainty what will happen next.

However, given that the U.S. economy remains healthy, with a strong jobs market and robust consumer spending, our team does not see a major risk of a correction turning into a serious downturn.

## We are keeping an eye on markets, and we will let our friends at Stroll know if we feel a strategy change is warranted.

Have any questions? Want to talk through some concerns?

Give us a call or visit our website to schedule a time to talk. It is normal to be nervous when markets feel uncertain.

We are here to support you and explain the thought process behind your portfolio strategy.

Please reach out whenever you would like.

Our exclusive **Legacy Vision Approach™** helps you achieve the legacy you envision for yourself, your family, and your community.



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