



BENNETT, BENNETT & JOHNSON FINANCIAL SERVICES

As investors review their recent quarterly investment statements, the results are once again disappointing. While this may sound strange, it is important to learn to be comfortable with being uncomfortable. Our recent client review meetings have revolved around discussing risk tolerance and investment allocations. With all the bad news concerning the markets and economy, we wanted to take this opportunity to discuss some positives.

During the last instant of high American inflation, which was in 1981, inflation was at 8.9% and was coupled with an unemployment rate of 8.5%.¹ However, the American job market is currently very strong. While 2022 has seen an inflation rate of 8.3% through September, the U.S. unemployment rate is 3.5%.²

The U.S. family appears to be in better shape than during previous market corrections. Although high inflation has been a tremendous challenge for families, overall wages have risen, and personal savings rates have increased since the Covid-19 pandemic.³ Schools are back open across the nation, and Americans have been traveling in record numbers. For the most part, post-pandemic life has now returned to normal.

Finally, the current market correction provides investors with the opportunity to purchase equities at a much lower rate than at the end of 2021. If you are continuously contributing to your 401(k), IRAs and other investment accounts, this is good news! Making systematic investments allows for dollar cost averaging into the market, which is a risk reduction strategy for investors. We are encouraging our clients to continue consistent investing, as it will benefit them when the markets inevitably recover.

¹ Amadeo, K. (2022, May 5). *Unemployment rate by year since 1929 compared to inflation and GDP*. The Balance. Retrieved October 26, 2022, from <https://www.thebalancemoney.com/unemployment-rate-by-year-3305506>

² U.S. Bureau of Labor Statistics. (2022, October 26). U.S. Bureau of Labor Statistics. Retrieved October 26, 2022, from <https://www.bls.gov/>

³ *Study shows surge in savings during the pandemic - Kansas city fed*. (n.d.). Retrieved October 26, 2022, from <https://www.kansascityfed.org/ten/2021-spring-ten-magazine/study-shows-surge-in-savings-during-the-pandemic/>

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