



Our Point

What was supposed to be a quiet Thanksgiving weekend turned into a quick downdraft in the markets. The new Covid variant Omicron got the bad rap for spoiling an otherwise wonderful Thanksgiving. While Omicron was the catalyst the markets were due for a correction. With the Fed signaling tightening by way of the taper and the Fed's realization (where have they been?) that inflation is more than transitory and higher rates may be a necessity, a catalyst was all that was needed to provide a much-needed pullback. Distribution season in the mutual fund space hasn't helped either – that will ease over the next week or so. While uncomfortable, the recent decline sets up for a strong finish to the year. At this point, we don't know how serious Omicron will be, but early data suggests it may not be as bad as other variants (the Delta variant for example). While some European countries are moving into lockdown territory, it is hard to fathom that returning to the US – people likely would not stand for it. The market has bounced around the last few days trying to find a bottom. The weak jobs report this morning gave some hope for the bulls that a slowing recovery might lead to a Fed less anxious to fully taper and move to raise rates. That hope was short-lived as the bears have gained control this afternoon and the S&P is now revisiting the lows of earlier this week. Is this the bottom? Perhaps – we'll see how the market closes today and begins next week. Support on the S&P lies 1% from current levels so we believe we are getting close. Important support was broken on Wednesday and again today as the support line and the 50-day moving average were both taken out. Either a watershed decline or a little buying at the close would provide some evidence of a near-term bottom. It is important to note that the current decline is not out of the ordinary and is nothing to panic about (at this time!). We have a relatively high conviction that the current weakness will subside soon and give way to a strong finish to 2021 and into early 2022. Investing is not easy, and the current market is an example of how quickly things can change. We sold a little of our portfolios over the last two weeks to free up a little cash to put to work on renewed strength. We will begin easing back in to get back to a fully invested posture as market conditions warrant. Despite Omicron, we had a wonderful Thanksgiving with lots of family and turkey. As has been our tradition for several years, we celebrate with extended family on Thanksgiving Thursday and then have a re-run with our family to gorge again and put up our Christmas tree. It is a nice tradition but lots of cooking for Kelly! She wouldn't have it any other way. Have a great weekend – I will be getting up lots of leaves, working off a little turkey and enjoying the sunshine.

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