

summaries



the official newsletter of sigma investment counselors

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WAKE ME UP WHEN SEPTEMBER ENDS

September is historically one of the worst months for investors – with its own moniker: The September Effect – and September 2021 was no different, with all major indices ending down for the month. A weak September resulted in quarterly losses almost entirely across the board. Large sized domestic companies eked out a gain –the S&P 500 ended the quarter up .6%, but small and mid-sized US companies suffered modest losses. International markets were down 3%, driven primarily by emerging markets, which lost 8%.

The market experienced many headwinds: from fears of the Covid Delta variant denting consumer confidence, to supply chain snarls, labor shortages, and concerns that Evergrande may be the bull bear in the China shop that topples the entire global economy. Investors have witnessed the threat of a government shutdown, partisan fights over the debt ceiling, infrastructure bill and proposed budget, and worries that inflation may not be as transitory as the Federal Reserve Board initially predicted. Yet through it all, companies have posted strong profits, beating analysts' expectations by double digit percentages, and domestic stocks have climbed that wall of worry and risen year to date by those same double digit percentages.

Little has changed as we look to the next quarter – as of this writing, Congress still has not voted on the infrastructure bill or proposed budget, commodities prices are surging, parts and goods are stuck on container ships unable to dock at ports further complicating supply chains, and Delta cases are still filling hospitals. With few changes in external forces, bulls believe continued accommodative monetary policy will force domestic equity markets to continue to raise – as low yields everywhere else encourage investors to continue to pile into stocks. Bears look at the same data and believe there is a growing possibility of a pullback, and that we are approaching an 'irrational exuberance' in the market. History has shown us that markets can move in one direction longer than anybody could imagine – until they don't. We know that there will be a market pullback – unfortunately, we cannot predict the timing or severity of the decline. For this reason, we continue to pursue the only investing regimen that consistently allows us to buy low and sell high – sticking to a disciplined asset allocation strategy.

We hope you have a wonderful autumn!

Amanda E. Lehnert, CFP®

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interactive creative local independent personal
knowledgeable thoughtful ethical experienced

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