



## July 2022 Market Update

Another month into this correction. One month closer to the bottom. One month closer to a recovery. Regardless of the definition of a 'Bear' market, if it looks like a Bear, and acts like a Bear, then it's a Bear. An important item to remember is that a Bull market ALWAYS follows a Bear. The question that cannot be answered, is when will the Bull appear? We just know that it will appear sometime. Bear markets can be painful, but this short-term pain becomes long term if we are not invested when the recovery occurs. History has shown us that investors are best served by continuing to hold good quality companies.

The near term (July) will bring more interest rate increases from both the Bank of Canada and the US Federal Reserve. As previously written, Central Bank interest rate increases can only attempt to bring down demand-side inflation (ie. trying to influence us all to stop buying a lot of stuff). There is some anecdotal evidence that this is starting to happen. There are also indications that the supply-side issues are starting to improve. I will suggest at this time that we are in the midst of the highest levels of inflation. I believe we should begin to see some signs of declining inflation data by the end of summer. This should then take some pressure off of the need for large interest rate increases by autumn. Also, as previously written, Central banks are increasing interest rates so that if/when we have an economic recession, they have something to cut. The main tool in dealing with a recession is to cut interest rates, (ie. get you to buy more stuff). When this happens, preferred share prices go up, bond prices go up, equity prices go up, and the Bull returns.

This is not to make light of some of our concerns and nervousness associated with looking at our monthly investment portfolio statements. It is also important to remember that a decline in our portfolio value is not a permanent loss of capital. The price of an equity, preferred share or bond is simply what someone else is willing to pay you for it at that moment. We only realize a loss if we sell it to that someone else who is trying to take advantage of our fear. When possible, we want to be that 'someone else' looking to take advantage of the fear in others.

In the meantime, we wait for the recovery and continue to collect dividends and interest income from our holdings of good quality investments. In the July 2022 CIBC Wood Gundy Monthly World Markets Report from our Investment Strategy Group, they discuss the importance of dividends in a portfolio.

Again, the current investment market environment is neither fun nor enjoyable, but this will end, and we will be rewarded in the future for our patience.

We will soon be sending out semi-annual performance reports for your investment portfolio. We will review the impact that this correction has had on your portfolio as well as the strengths of the longer-term performance.

Ever wonder if your current insurance policies, whether it is your life insurance, your disability insurance and/or critical illness policies are serving your needs properly? Reach out to us, with the help of our in-house Estate Planning Specialist we can review your policies.


A friendly reminder to update your online passwords regularly to further protect your privacy. If you need to be set up for online access, please let us know. Isabella will provide you with a USER ID and a temporary password.

As always, remain optimistic yet cautious.

**Best Regards,**  
CIBC Wood Gundy



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