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skv three things

1 Inflation historically brings higher interest rates—they are inextricably linked. Understanding when **interest rates go up, bond prices go down** may be a forgotten fundamental. I think this is not more fully understood because rates have had a downward bias for much of the last 40+ years, from a double digit all-time high in the mid-80's, when inflation was almost literally off the charts. Most investors today have never navigated a sustained rising-rate environment. Consequently most people's experience with bonds has been positive. I know, I know--the notion that bonds are "safe" is entrenched in people's minds, and frankly at many banks, trust companies, with grandmas, in brokerage compliance departments…I believe this default needs to be reconsidered**.** It is hard to argue 1%-2%ish in income is helpful or "safe" when the universal goal of investing is to beat inflation, preserve purchasing power to retire "*I think I wouldn't touch Treasury's at these rates with a 10-foot pole.*"**—**Jamie Dimon, JP Morgan. (That's 4 more feet than we need to safely distance from viruses!)

2 No, there is no early withdrawal penalty exemption for taking an IRA distribution to pay for a tank of gas! As the price per gallon soars over $4.00, we are told these are record high prices. Well, sorta. Don't forget for us Neanderthals still driving gas-powered vehicles---they do get many more miles to the gallon then in the past, and most of us are making more money than we did years ago. "*Gasoline cost $1.25 a gallon in 1980, but average worker was making $6.75 an hour…a typical worker makes $26.94 today…In 1980 mileage was so awful that driving a mile cost 30 cents…driving a mile costs about 16 cents today,*" Rex Nutting, Marketplace. "*Gas would have to get to nearly $7 a gallon to match the 30 cents per mile of 1980.*"

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4 Strong Days Like We Just Saw Are Rare, But Quite Bullish

S&P 500 Index Returns After Four Consecutive 1% Gains

		S&P 500 Index Return			
Date	4-Day Return	1 Month	3 Month	6 Month	12 Month
6/1/1970	12.3%	-6.6%	5.2%	10.4%	28.0%
10/14/1974	12.2%	1.3%	-1.5%	18.6%	23.0%
10/11/1982	10.2%	6.4%	9.2%	15.4%	27.0%
11/5/2020	7.4%	5.2%	11.5%	18.7%	33.8%
3/18/2022	6.9%	?	?	?	?
	Average	1.6%	6.1%	15.8%	28.0%
	Median	3.2%	7.2%	17.0%	27.5%
	% Positive	75.0%	75.0%	100.0%	100.0%

Source: LPL Research, FactSet 03/18/2022 (1950 - Current)

Would it surprise you to know the S&P 500 is up in the first month since Russia attacked Ukraine? In fact, we had a rare occurrence in the market a few weeks ago that historically signals a great return in the short term. Amidst all the worry and handwringing and heartbreak…the S&P 500 had 4 days in a row in which it went up 1% or more each day. (3/15-3/18) This has only occurred four prior times according to LPL Research, and each time a year later investors were swimming thru mounds of coins Scrooge McDuck style! (Of course, this pattern guarantees what the Russian rubble is worth these days—nothing.) By the way, the odds of the index being up in <u>any</u> year are around 75%....and improve with time. As my forearm tattoo reads—"time in", not "timing". The odds of my college basketball brackets not being busted in any year, about 0.0%.

Our beloved Dan Schmidt, the "S" of **<u>S</u>**KV, passed away four years ago today. We miss him very much. RIP Dan.

As always, I'm honored and humbled you have given me the opportunity to serve as your financial advisor. I am lucky to be in the foxhole with the greatest clients in all the land. We hope you view us as your ***friendly, knowledgeable, and reassuring source of financial guidance.***

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