

NORTHSTAR

FINANCIAL PARTNERS

July 2022



The second quarter of the year has brought the S & P 500 into bear market territory. A bear market is defined when prices in a particular index fall 20% or more from a recent high. Is there an opportunity? More on this later.

In our last newsletter we discussed inflation and the Russia/Ukraine war, one of those is still making headlines, although both are still impacting markets. Inflation's latest read is at 8.6% and we are expecting it to climb to 9% before starting to ease later this year.

There are several reasons to worry about the war in Ukraine, one of the most pressing is the effect on the food supply and fertilizer. "Russia and Ukraine supply 28% of globally traded wheat, 29% of the barley, 15% of the maize and 75% of the sunflower oil" (The Economist May 21st – 27th 2022). The U.S. will be less affected than other nations, but many places in Africa and the Middle East will experience shortages in the coming months.

Our personal budgets are being blown up by inflation. It's time to take a hard look at where we are spending our money, and where we can save. If you have some cash in the bank, be sure to look into Series I Savings Bonds. The rate floats with inflation and the current yield is 9.62%. Also look for bank savings, money market and CD rates to climb this year. We are already seeing rates above 3% for various terms, a number not seen for many years.

Last month the Federal Reserve increased the Fed Funds Rate by 0.75%. The highest monthly increase since 1994. The balancing act for the Fed is to raise rates at a pace that stifles inflation but doesn't tip us into recession. A recession is two consecutive negative quarters of GDP. Are we in a recession right now? The first quarter of 2022 GDP came in at -1.50%, so if the numbers show a negative reading for the second quarter we will have been in a recession. The markets seem to be pricing in a recession, but that also means valuations are beginning to look attractive.

History has shown recessions offer some of the best times to buy equities. If you are still working, continue to put money into your plan at work and increase your contributions if your budget allows. If you have cash on hand, have a discussion with your advisor about your options. If you are retired or nearing retirement and are concerned with the outlook, cash flow or taking advantage of opportunities, contact us to review your plan.

Market Summary

As of June 30th, 2022

S&P 500:	3,785.38
Dow Ind.:	30,775.43
Nasdaq:	11,028.74
10 YR Treas.:	2.967%

If you are a "Wordle" player and are ready for more, have you discovered "Dordle" and "Quardle"? First, Wordle is a free, fun word game that challenges you to guess a five-letter word in six tries. The game will tell you whether you have a correct letter and if it is in the right place. You can only play once a day, so it is not a big time drag, nor too addicting. For first timers, type in "Wordle" into Google and follow the New York Times version.

For those experienced players, Dordle by Zaratustra uses the same rules, but has you guess two words in seven tries. Quardle gives you nine guesses to solve four words. Octordle has eight words to work out with thirteen guesses and Sedecordle sixteen words with twenty-one chances to solve them all! A little different strategy, but a good mind bender! Good luck!!

Please help me welcome our Marketing and Communications Specialist, Rachel Hart! Rachel is located at our Mendota Heights location and has hit the ground running. She develops and distributes all the firm's marketing materials. This includes all media: film, print and digital, posts on various social media platforms and organizes our client events. She also serves several operational roles as our chief communicator. Welcome, Rachel!

Thank you and take care-

Ps. Check out our website for great tools and education! www.northstarfp.net



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S&P 500: The Standard & Poor's (S&P) 500 Index tracks the performance of 500 widely held, large-capitalization US stocks. The Barclays US Aggregate Index covers the dollar-denominated investment-grade fixed-rate taxable bond market The Morgan Stanley Capital International Europe, Australia, Far East (MSCI EAFE) Index is a capitalization-weighted index that tracks the total return of common stocks in 21 developed-market countries within Europe, Australia and the Far East. DJIA- A price-weighted average of 30 actively traded blue-chip stocks, primarily industrials including stocks that trade on the New York Stock Exchange Nasdaq- A market-capitalization weighted index of the more than 3,000 common equities listed on the Nasdaq stock exchange