Smart MONEY
INVESTMENT INSIGHTS

MIDWEST FINANCIAL GROUP INC

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What's New

As we close out 2021 and move into the new year, there is so much that takes us back to this time last year. COVID cases remain at or near all-time highs in many parts of the country, the direction of inflation remains a concern, and tax/spending actions out of Washington remain high on their priority list. Fortunately, we did receive a little bit of clarity from last quarter with the passage of the infrastructure package. This bipartisan legislation should provide needed investment, something that both parties have been trying to do for a long time, in our aging infrastructure. What is yet to be seen is how they get the dollars onto the ground, and where the labor will come from to complete the projects. Finally, the Fed has also dropped the use of the word 'transitory' when it comes to their description of inflation, and it is very likely that the costs of goods and services in 2022 will continue to have strong upward pressure throughout much of the year.

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Financial Advisor
Vice President and CIO

Keep an eye on our website, www.mfgteam.com, for updates throughout the quarter and throughout the year. This is also the best place to go through any of our previous messages to you.

According to Yardeni Research, the S&P 500 has been positive 58 of the last 94 years in January. The third most of any month in that time period.

The S&P 500 index was created in 1957 to track the value of 500 large US corporations.

Market Update

The US equity markets put up another year of solid, if not volatile, performance. International developed markets lagged, and most emerging market equities finished the year in negative territory. With the US remaining a world leader in development and innovation, the dollar being the reserve currency of the world, and the continued influx of federal dollars into the economy, we would expect US markets to lead again in 2022. With the stabilization of COVID in the developing world and a normalization of Chinese policy in relation to their regulatory crackdown in 2021, emerging markets should also be a strong place for investment in the new year. The international developed markets, (which are largely made up of European economies) will most likely continue to lag. Europe has continued to be content with a 3rd place finish when it comes to economic performance – their demographics, political division, and changeover of leadership

What's Next?

If you're wondering how these market trends might affect your specific financial will all continue to be headwinds for Europe.

In the fixed income markets, duration continued to struggle with rising interest rates. While a 1.5% 10-year treasury is still very, very low, the yield on the 10-year treasury bond rose over 60% last year and caused price erosion on longer duration bonds. Price erosion combined with low yields had most core and intermediate term bond funds in negative territory for the year. With an increase being almost the only direction for rates, it is unlikely that we will see positive performance out of longer duration bond funds and ETFs in 2022. Staying short on duration and focusing on the credit quality of issuers should provide an opportunity for positive performance in fixed income. This is the most important area of your portfolio as we head into the new year. Investments held outside of the Midwest Financial Group portfolios should be reviewed with your primary advisory to determine the adequacy of your fixed income holdings.

The need for comprehensive planning has never been more important, nor has the implementation of the plan been for vital to your overall success. Volatility will continue and may increase in 2022 and COVID will not be exiting the headlines anytime soon. For those reasons, a comprehensive financial plan will allow you to focus and those pieces of your life that are most important to you, while we ensure that your financial life stays on track. The advisor recommending the same portfolio to you that they were recommending 5, 10, and 20 years ago will not serve you well in this interest and economic environment. As a part of your overall plan, you need to ensure that the investments being used are in line with your personal values and goals, but are also positioned for success based upon the world that we live in today (and the world that we're moving in to tomorrow), and not on a world that no longer exists.

Taxes and the necessity for the federal government to generate revenue will need to continue to be top of mind. But, don't fall in to the trap that because someone talked about something, it must be good for you also. Recently, that has been Roth conversion planning. Rely on your plan and your relationship with your primary advisor here at Midwest Financial Group to help you develop a plan and strategy that is relevant to you specifically, not based upon what may work for someone else.

Personal individualized planning will always yield your best results and will continue to be the core focus of everyone on

plan—or how to take advantage of them—give us a call. We'll talk about where you're at, and how to get where you want to be.

our team at Midwest Financial Group. We look forward to talking more as 2022 evolves. Remember; when in doubt, shut off the TV, throw away the newspaper, unplug the computer, put down the smart phone, and meet with your advisor when questions arise.

Click here to get in touch!
