Ropes Wealth Sends Gratitude to Clients in this Year of Market Tumult

Markets have drifted higher in this holiday-shortened week thanks to some positive earnings surprises, as Dell Technologies, Dollar Tree, Best Buy, Dick's Sporting Goods, and Abercrombie & Fitch all bested expectations. Props to the ever-resilient U.S. consumer who always keeps calm and shops on.

In a sign of the times, Zoom Video Communications was this week's stinker as they guided for lower revenue than expected and described waning demand for online meetings. Speaking of stinkers, the bankruptcy of cryptocurrency exchange FTX, recently valued at $32 billion, has left crypto enthusiasts reeling. The impact has been felt from retail clients to celebrities like Tom Brady and Stephen Curry and institutional investors like Sequoia Capital and the Ontario Teachers' Pension Plan (!) who are all likely to lose 100% of their investments. Look for the Netflix movie sure to be coming soon to a home theatre near you detailing the fraud and remarkable rise and fall of wonderkid and effective altruist Sam Bankman-Fried, notably labeled as 'The Devil in Nerd's Clothes' in *Forbes* this week. In the meantime, you can check out one of the many documentaries about blood testing company Theranos founder, Elizabeth Holmes, who was sentenced to 11 years in jail last Friday for her epic fraud.

Warning: learning more about FTX/Sam Bankman-Fried and Theranos/Elizabeth Holmes will not aid your Thanksgiving-related indigestion.

A steep climb in COVID cases across China has set off a wave of new restrictions for the world's second largest economy just weeks after investors cheered the end of aggressive lockdowns in the country. It is an understatement to say there are a lot of mixed messages coming from China on COVID. China's weak public health infrastructure and the lagging effectiveness of China's domestically produced vaccines raise risks compared to Japan, South Korea, and Taiwan that saw relatively low COVID fatalities post-reopening. On the other hand, a more rapid reopening (if there are low fatalities) would be welcome for the world economy, and perhaps a catalyst for global stock markets in 2023. China is currently the only major economy engaged in serious financial easing while much of the world is tightening fiscal and monetary policy. It is also true that Chinese households have been in savings mode since the start of the pandemic and are primed for a consumer rebound.

For now, what lies most immediately in front of us is the upcoming FOMC meeting on December 13-14. Investors expect a slowdown in the pace of Fed interest rate hikes; specifically, a downshift from 0.75% to a 0.50% increase and softer language acknowledging the rolling over of economic data. Such a change may continue the momentum in stock prices we have experienced in the fourth quarter thus far, though perhaps investors may fret over the inevitability of a 2023 recession if the Fed concedes a shift is now warranted.

As we take a pause from the volatility of stock and bond markets in 2022 to celebrate Thanksgiving with our friends and family, your team at Ropes Wealth wants to thank you for your relationship with us. We are grateful to collaborate with you on your portfolio management and financial planning and appreciate your grace under pressure in this year's challenging market backdrop. We see potential for recovery in 2023, borne less of a dramatic shift in inflation and interest rates, but with more of a continued assimilation of those risks into stock prices and earnings expectations. With all the major price resets we have experienced in 2022, there is a more compelling balance of risk and reward offered in many stock and bond market segments. We will continue to make fine tuning changes to your investment plan so you are optimally set up for stabilization and recovery of asset prices in the future.

Thank you for your interest in our investment commentary. If you would like to speak personally with a member of our team at any time, please click **here**.

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