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INVESTMENT INSIGHTS
MIDWEST FINANCIAL GROUP INC
Q3/JULY 2021 | WWW.MFGTEAM.COM

What's New

The uncertainty remains the only thing that is certain. "We have a deal." Those words echoed loud as we closed out the month of June and the second quarter of this year. What deal you ask? An infrastructure deal. Following the inauguration, and a spending package pushed through using the reconciliation process, there has been great uncertainty as to what will be next. The estimates and plans have been as high as $6 trillion for the next round of spending, significant tax increases have been discussed, and the continued partisanship of both parties has been on full display.

With this announcement and the walk-back of a potential veto, if this is not tied to a larger spending package, it appears that we are going to see if there is the light of bipartisanship to be found. This deal was worked on by both parties and represents a great investment in the future, while not incurring some of the debt levels that have been talked about on other pieces of the proposed legislation. There is a long way to go to get this to President Biden's desk but, if approved, this will continue to support a strong market and strong economy in to 2022.

BRANDON MASBRUCH
Certified Financial Fiduciary®
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.

Market Watch

We closed out the second quarter with all major indices showing positive performance. May provided us with a pause in the middle of the quarter, but with continued improvements in the consumer and in the general economy, positive results returned in June. Historically, when the S&P 500 returns greater than 10% in the first half of the year, the second half of the year is also positive (most of the time). While I continue to have a high degree of confidence in market performance over the next 18-24 months, always keep in mind that anything can happen. Bond yields fell through much of the quarter, but it is our anticipation that this will reverse, and rates will rise as we move through the end of the year.

A stock-market correction is a market decline of more than 10% but less than 20%. These sorts of drops are significant but just below the threshold for starting a bear market. They used to happen about once a year at the beginning of the century, but market corrections have become less frequent after World War II.

Since the beginning of 1980, there have been 13 corrections in the S&P 500. The average length is 92 days, with an average 14.8% decline in stock market value percentage. In the same period, declines have surpassed 20% only five times.

"The purpose of life is to live it,

With yields having fallen, and our outlook for rates to rise into the end of the year and 2022, we are lowering the overall duration in our Preservation portfolio. This brought in an additional fund and realigned the balance of the account (reflected on the July 1 rebalance). We feel that this move will provide continued stability should we see a downturn in the market, while not exposing these accounts to as much interest rate risk. All other portfolios remain unchanged as we move through our July 1st rebalance.

STRAIGHT FROM THE SOURCE

As we now move through the summer (hard to believe that Labor Day is lest than 60 days away!), it is time to enjoy the sunshine. I encourage you, as you feel safe to do so, to get out and enjoy the activities and meetings with family and friends that you were not able to do over the last year. Continue to have faith that the plan we have in place for you, which we just battle tested again 12 short months ago, is working for you. We will continue to be diligent in our management of your retirement planning and retirement future and encourage you to be diligent in enjoying the life in front of you.

It is very likely that we will continue to see volatility through the summer and fall in all the markets. There is just too much uncertainty on a potential second wave of major outbreaks with the new COVID variants, distrust in and out of Washington,

to taste experience to the utmost, to reach out eagerly and without fear for newer and richer experience."
— Eleanor Roosevelt

What's Next?

If you're wondering how these market trends might affect your specific financial 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.

and turmoil in the world to think that it will only be smooth sailing. Through volatility and disruption comes innovation and progress. There will most likely be some level of tax increase this summer that may or may not be retroactive to this past spring. So, before you worry about what may or may not happen, or how it may impact you, know that it may already be past the point of making changes. If the changes out of Washington allow you to have an opportunity for advanced planning, we will be the first to be in touch with you to help you understand how any changes may, or may not, impact you. For now, there is too little certainty to make any changes to anything currently in place. Know that we continue to be here to support you; the entirety of the MFG Family will be here when and if you have questions or concerns. As I have told many of you over the years: shut off the TV, put down the phone, throw away the newspaper, and step back from the computer. Enjoy the sunshine and we will talk more this fall.

Click here to get in touch!
