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The long view

Craggy contours in the stock market get all the news when the Federal Reserve even hints at raising rates, but investors in the money markets and pooled liquidity accounts have much to celebrate after the Fed meeting last week. Considering how volatile equities have been this month in response to Fed officials preparing us for the first hike in the fed funds target range, Federal Open Market Committee (FOMC) participants probably could have gotten away with actually taking that action at the meeting. They didn't, but Chair Jerome Powell's comments following the meeting were, rightly in our eyes, interpreted by the press and economists as meaning a hike will come when the FOMC convenes in March. If this, and the additional hikes expected this year, also tap down inflation, the financial landscape could get two boosts in 2022

Economic data and Covid have displayed their own volatility. How happy should we be with the GDP report last week showed the U.S. economy grew at an annual pace of 6.9% in the fourth quarter when we know the omicron variant chipped away at that progress in December? Investors in liquidity products know to take the long—and positive—view this year and let the stock market to its roller coaster.