



Registered Investment Adviser
Division of Kevin Hart Kornfield & Co. Inc.
Originally Established 1986

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Happy Ground Hog Day!

The days are getting longer, COVID is slowing down, and warm weather is on the way. January was the scene of much profit taking after 2021's wonderful year of market advances.

Our client portfolios contain several energy related stocks, one of which is Hess which gained 24% during January. Hess has been developing a gigantic new oil field off the coast of the South American country of Guyana. After many years of work with their partners, oil production is now flowing in a market of high oil prices.

Generally, stocks and longer bonds receded during January in response to the US Federal Reserve Bank's announcement that they are planning to raise interest rates. Such a policy change is meant to slow the economy and reduce high levels of inflation.

Here is some information from today's edition of the NY Times: ***The U.S. National Debt Tops \$30 Trillion as Borrowing Surged Amid Pandemic. For years, presidents have promised to limit federal borrowing and bring down the nation's budget deficit, which is the gap between what the nation spends and what it takes in. Taming deficits had fallen out of fashion in recent years when lawmakers blew through budget caps and borrowed money to fund tax cuts and other federal spending. "Hitting the \$30 trillion mark is clearly an important milestone in our dangerous fiscal trajectory," said Michael A. Peterson, the chief executive officer of the Peter G. Peterson Foundation, which promotes deficit reduction. "For many years before Covid, America had an unsustainable structural fiscal path because the programs we've designed are not sufficiently funded by the revenue we take in." In January 2020, before the pandemic spread across the United States, the Congressional Budget Office (CBO) projected that the gross national debt would reach \$30 trillion by around the end of 2025. The total debt held by the public outpaced the size of the American economy last year. The nonpartisan office (CBO) warned last year that rising interest costs and growing health spending as the population aged would increase the risk of a "fiscal crisis" and higher inflation, a situation that could undermine confidence in the U.S. dollar.***

The markets have been concerned about Russia's preparations to invade Ukraine. Also, China has been harassing Taiwan with military maneuvers. As the USA has withdrawn from global commitments, columnist David Brooks has observed: "the wolves are prowling."

We have been picking up some corporate bonds with maturities of approximately one year. When these bonds mature, we expect to be reinvesting at higher rates due to Federal Reserve rate increases. With higher interest rates, we might be able to find opportunities to buy some depressed stocks.

Please know how much we appreciate your business. Please call us with any questions or concerns.

Very best regards,

A handwritten signature in blue ink, appearing to be the initials "K" and "C" joined together.