



It's that time of year where we reflect on the last 12 months and make forecasts for 2023. Click [here](#) for one of my favorite pieces from Davidson Investment Advisors "Trends – 2022". Of particular note, Scampocalypse. Be especially vigilant about scams, fraudulent emails and solicitations.

I had the opportunity to join our Health and Beauty analyst on a "Beauty Bus Tour" in New York City this past week. We visited several companies in the Cosmetic, Skin Care and Perfume industries. What struck me was the number of employees in the offices. Each company offered a hybrid platform but people were expected to be in the offices 3-4 days per week. There was a reassuring hum of activity everywhere we went. Since my trip overlapped with tourists visiting the city, there was also the hustle and bustle of the season. While it didn't feel like pre-Covid levels, (I had my personal space as I walked around Rockefeller Center and rode the subway), it certainly brought on the holiday spirit.

Random thoughts:

- To be filed under one of the all-time greatest understatements, Sam Bankman-Fried, founder of crypto-exchange FTX, filed Chapter 11 bankruptcy protection in November and is now under investigation for possible securities violations and, according to Bloomberg has had his entire \$16 billion fortune wiped out, said in an interview with CNBC "I've had a bad month."
- The Federal Reserve continues to make statements regarding the need to get inflation to the 2% mandate and raised the federal funds rate (the rate banks charge each other for very short term loans) .5%. The goal is to reduce the demand for goods and services and, in turn, have prices come down. There is also a behavioral part of the process. First, as items are more expensive, consumers look for alternatives or do without and second, if people think prices are going to come down, they may wait to purchase items that can be delayed. To date, the consumer has remained relatively strong, giving some hope to the ability for a "soft landing" or a successful lowering of inflation and a short, moderate or non-existent recession. Market volatility reflects investors' beliefs in the likelihood of that outcome. Given the historic rapid rise in rates, I believe it makes sense for the Fed to pause, to see if higher rates and tighter money supply has had an impact. It would keep them from pushing rates too high (leading to an unnecessarily steep recession). The concern is, any dovish remarks by the Fed could lead to a strong stock market and that could reverse the cautionary approach to consumer spending. Talk about walking a tight rope. While my microcosm may not be reflected nationally, I recently received a letter from my landlord (lease renewals are new to me as I moved into an apartment just under a year ago after 32+ years of home ownership) stating they were rescinding the previous renewal rent increase of 4% and now offering 2%. Right on par with the Fed's target!
- Morgan Housel, author of The Psychology of Money makes this observation about individual experiences in his blog: "Your personal experiences make up maybe 0.00000001% of what's happened in the world but maybe 80% of how you think the world works. We're all biased to our own personal history. Everyone. If you've lived through hyperinflation, or a 50% bear market, or were born to rich parents, or have been discriminated against, you both understand something that people who haven't experienced those things never will, but you'll also likely overestimate the prevalence of those things happening again, or happening to other people." Studies show that the economic environment when you begin your career will impact your savings and investment habits for the rest of your life. My mom was born 3 days after the stock market crashed in 1929. Though she had a successful career as a Cardiovascular Clinical Specialist and our family had a very comfortable financial lifestyle, she reused her teabags and was diligent about saving S&H Green Stamps.

We have a tradition of making a year-end contribution to charitable organizations in appreciation of our clients. This year we are donating to Jean's Place, a shelter for 60 adults, primarily women, run by Transition Projects and The Trevor Project, an organization focused on suicide prevention efforts among lesbian, gay, bisexual, transgender, queer, and questioning (LGBTQ) youth.

Wishing you all the best for the holidays. We are grateful for the confidence you place in us, it is a privilege to work with you.

Lyn Cameron

"The life of a nation is secure only while the nation is honest, truthful, and virtuous." -Frederick Douglass

"The best ability is availability. When you work with and for the best people in the business and you love what you do, showing up every day is a joy, but more than that, it is a privilege." -Charlie Cameron

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