Ask Abby Vaughn

I was at the gas station this week filling up and was shocked at how much gas prices have gone up. $64 to fill up my Ford Explorer! Why are prices so out of control? Can we expect more inflation?

I think it's safe to say that many of us are wondering the same thing. Whether it's a trip to the gas pump or the grocery store, the impact of rising prices has surely been felt. Post-pandemic, we've faced excess liquidity and supply chain disruptions leading to an increase in prices. The Federal Reserve (the Fed) initially said this would be short-term, but it appears inflation will be stickier and harder to fight off.

The intended goal when the Fed makes rate adjustments is to strike a balance in the economy over the long term, not to let it get too hot or too cold. Fortunately, the Fed is acutely aware of this balancing act and hopes to raise rates so that the economy slows just enough to bring prices down without causing too much friction. It's important as investors to not get caught on one side of the Fed's balance beam as rate hikes (or expectations of rate hikes) can lead to both stock and bond market volatility.

This is one more reason why having a well-diversified portfolio is so important. There's always market uncertainty, especially right now with inflation pressures and geopolitical risks. Effectively navigating uncertainties is crucial to remaining steadfast when managing investments over the long term--we're here to help you do just that. Give us a call to make sure your portfolio is on track for your goals.

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