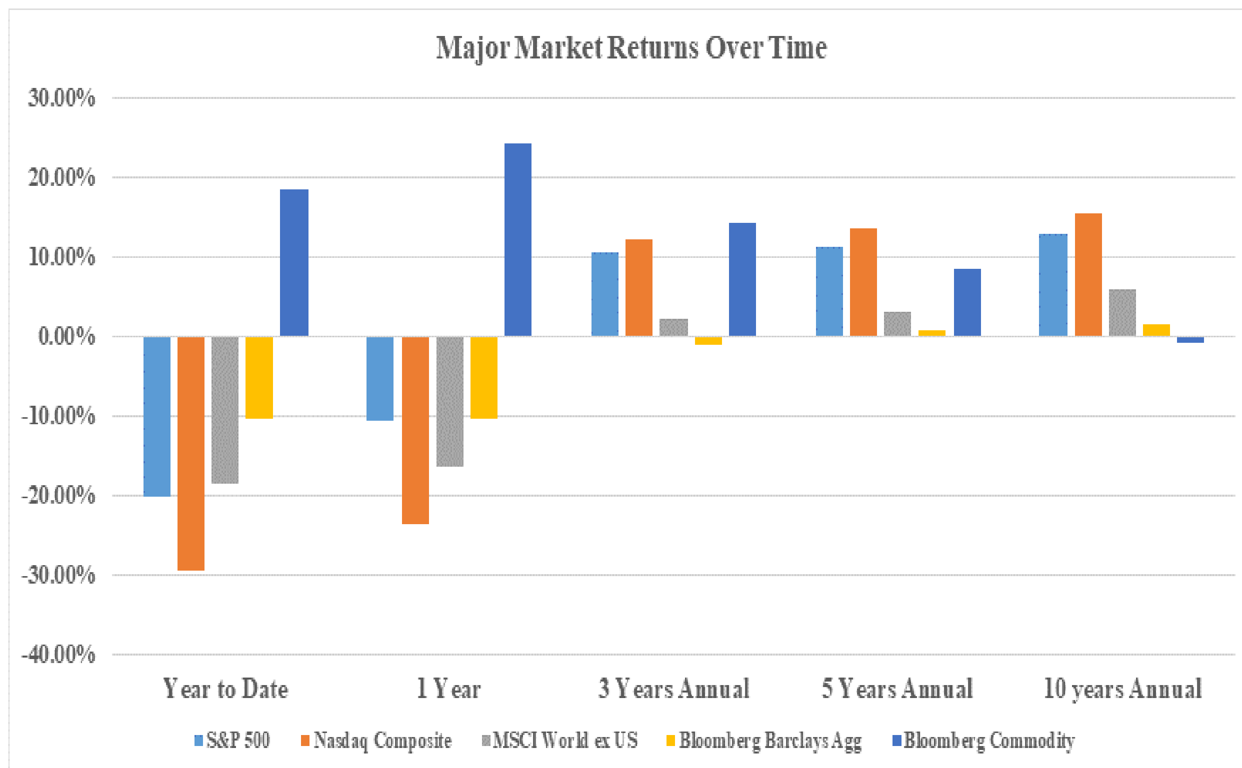
Chemung Canal Trust Company and Capital Bank, a division of Chemung Canal Trust Company

# 2022 Third Quarter Investment Outlook

The last time stock prices fell this far in the first half of the year, the Beatles were breaking up but Simon & Garfunkel were still a duo; Marcus Welby and Flip Wilson led the Nielsen ratings; "Love Story" was the required date movie; the leisure suit was a fashion faux pas yet to be committed; and Watergate was just a hotel.

Of course, 1970 was also a time of rising oil prices and incomes. An unpopular war was being waged, currency speculation was rampant, and easy money policies meant to ensure full employment were driving inflation to levels that would eventually exceed 13%. History may not always repeat itself, but it often rhymes.

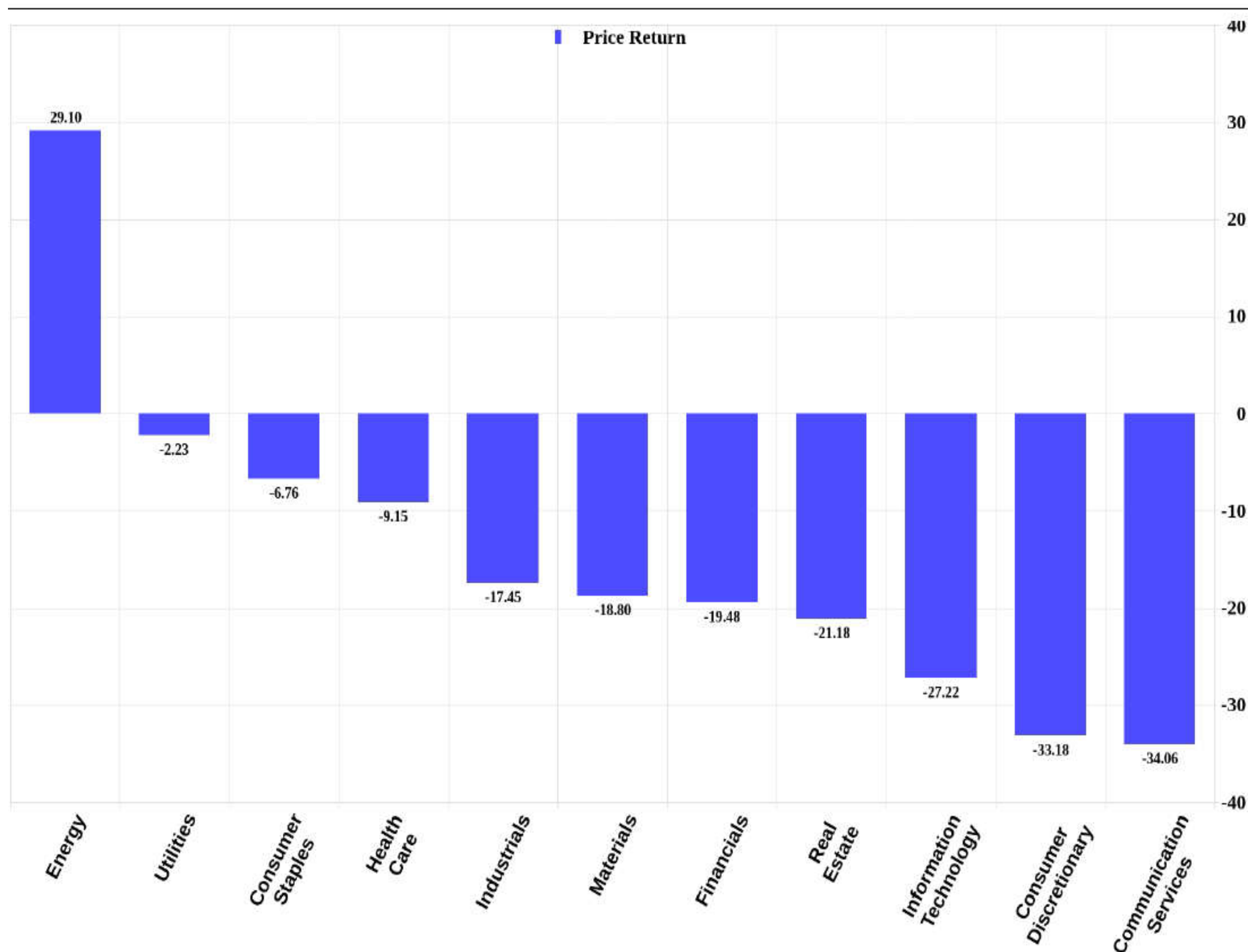
The Standard & Poor's 500 Index has just experienced its worst first half performance in more than 50 years, falling more than 21% from its January 3rd high. The decline had been as much as 23.6% in mid-June before steadying as the 2nd quarter drew mercifully to a close. Including dividends, the S&P 500 produced a negative 19.96% "return" in the first half of 2022, which rounds up (down) to -20%. However you spin it, we have officially entered bear market territory.




The Nasdaq Composite, dominated by growth and technology issues, has fared even worse, falling more than 29% this year, and by 22% in the second quarter, alone. As is often the case, the index, itself, doesn't tell the whole story. The average stock in the NASDAQ, the Russell 1000 Growth Index, and the Russell 2000 Small Cap Index is down more than 40%.

The Morgan Stanley World Index (ex US) declined marginally less than the U.S. market, but that was due to its more generous dividend yield. On a price only basis, foreign stocks were down slightly more than U.S. stocks.

The so-called FAANG stocks which we have cited in virtually every *Outlook* over the last two years – the seven mega-cap growth stocks which account for nearly 25% of the S&P 500's market capitalization and nearly half of its gains in 2021 – declined an average of 35% in the first half. In all, these stocks shed more than $3.7-trillion in market value in the last six months, an amount roughly equivalent to the entire GDP of Brazil and Canada, combined. We generously excluded Netflix (the "N" in FAANG) from this list, as it no longer qualifies for membership after falling 66% year-to-date and 77% from its all-time high.




Every sector, save energy, is down year-to-date, and a glance at the sector chart, above, shows clearly that investors are growing more concerned that the Federal Reserve's aggressive tightening to rein in inflation will inevitably result in a recession. While shares of companies in defensive areas such as utilities, consumer staples and health care declined far less than the market average, more economically sensitive sectors fared far worse. It is also not a coincidence that the FAANG stocks discussed above reside exclusively in the three worst performing sectors – information technology, consumer discretionary and communications services, each of which had more than doubled at some point during the prior three years

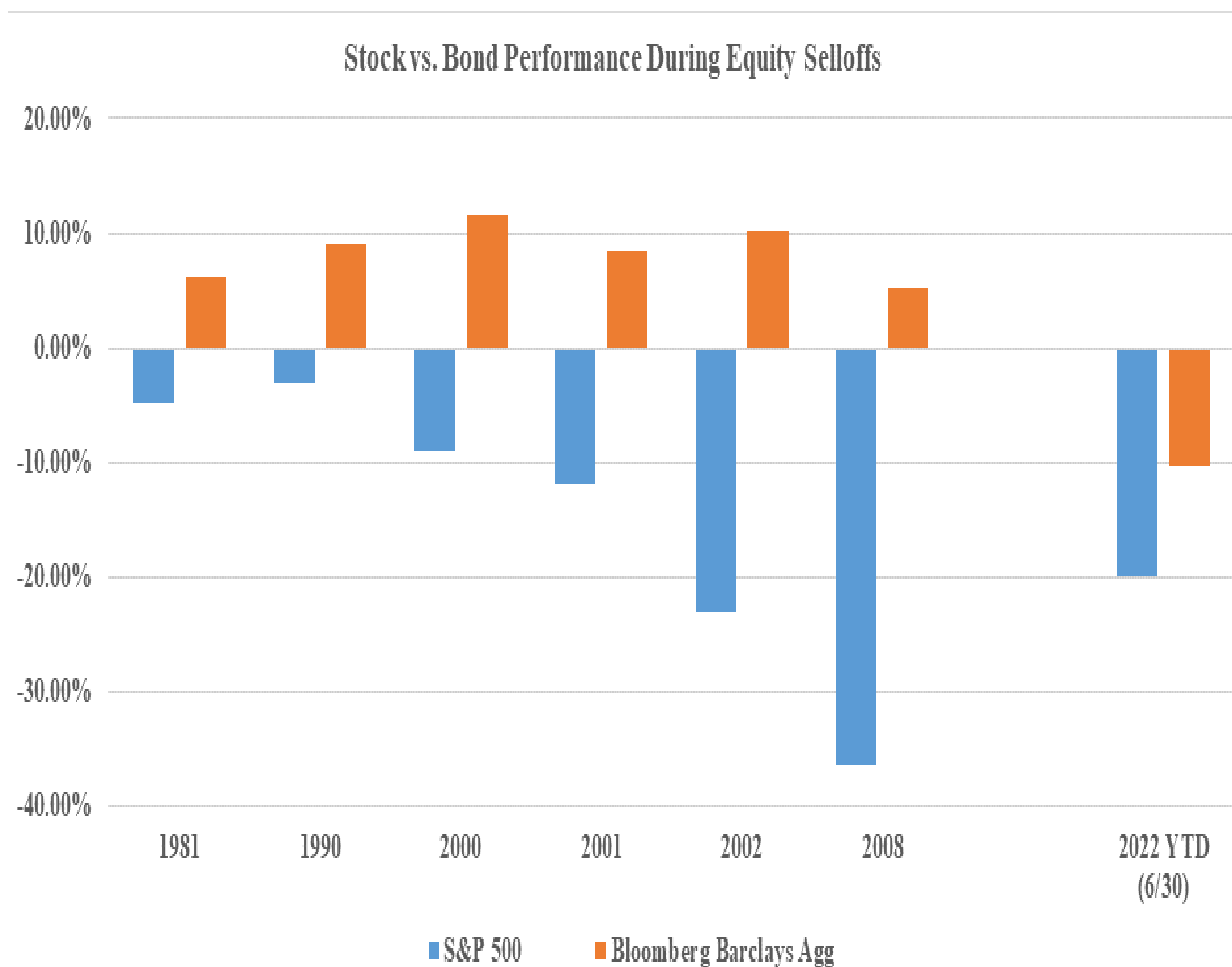
In fact, market bubbles seemed to be bursting everywhere. Snap, Inc., provider of Snapchat, traded as high as 40 times sales last year and has since fallen to 5 times sales. Pandemic beneficiary Peloton has fallen from 20 times sales to 1 times sales.

The ARK Innovation ETF, which purports to invest in rapidly growing disruptive innovation companies, attracted a lot of media attention in 2021 after its price appreciated nearly five-fold from the depths of the pandemic. It has since shed nearly 75% of its value. Of its five largest holdings, only Tesla is down less than 30% (-29.4%); the rest are off 55% or more.

So called “meme stocks” which soared in 2021 as a result of their popularity on community forum sites and social media platforms, have largely crashed and burned in a more risk-off market environment. AMC Entertainment has fallen to $16 from its 52-week high of $53. GameStop is off 57% from its all-time high. The spaceflight company, Virgin Galactic, currently trades at just over $7 per share, down from $33 this time last year. Even at its current depressed level, though, the company retains a current market capitalization of just under $2-billion, which is 515 times its annual revenues of just $3.6-million. Clearly, some bubbles have more air in them than others.

Of course, no review of the current market environment would be complete without noting that the prices of cryptocurrencies are down 65%, and shares of their perpetrators (crypto miners, crypto lenders and crypto broker-dealers) have all declined 60% or more.

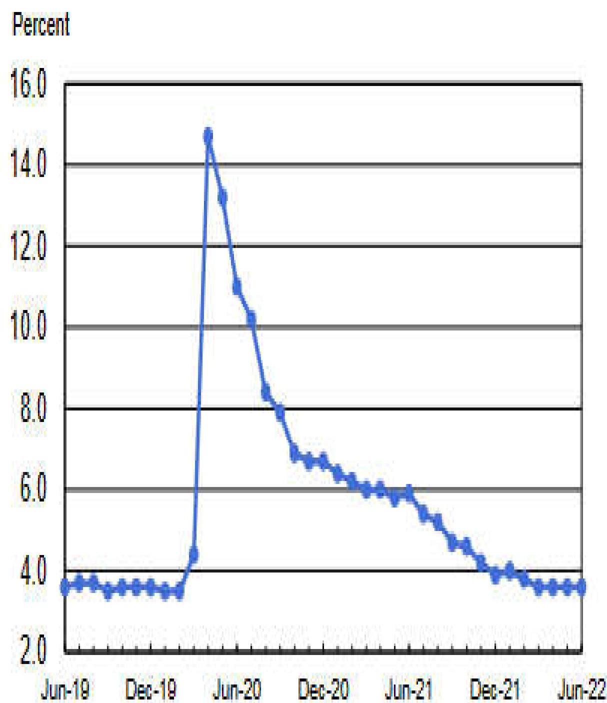
Back in the real world, investors seeking safety in bonds were especially disappointed, as yields rose and bond prices fell across the maturity spectrum. The yield on the 2-Year Treasury rate rose above 3% in June, having started the year with a yield of less than 1%. The 10-Year Treasury yield approached 3.5% before retreating to its current level of 2.9%, resulting in an inverted yield curve as we enter the year's third quarter. The Bloomberg U.S. Aggregate Bond Index declined more than 10% in the first half of the year, a rare occurrence for an asset class that has historically provided ballast to portfolios in volatile markets (chart, below).

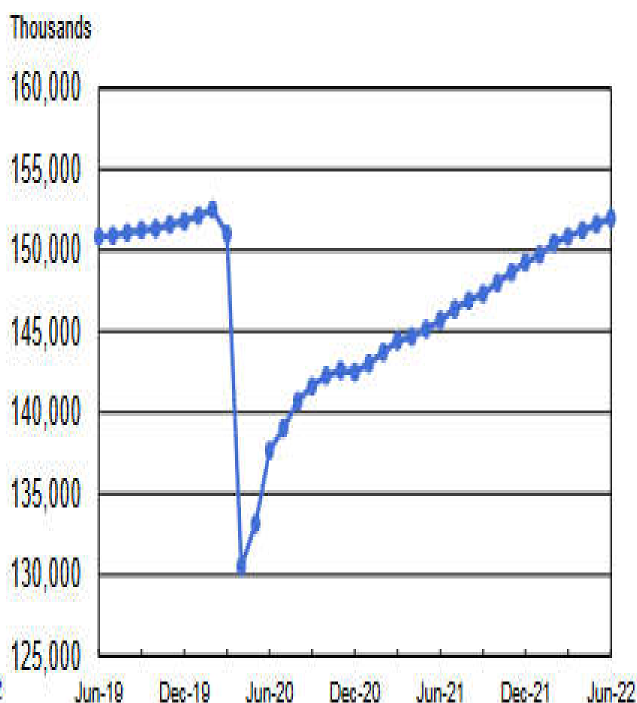



In fact, investment grade bonds have generated negative returns just 4 times in the last 42 years (1994, 1999, 2013 and 2021), and in none of those years did the declines approach even 3%, much less 10%.

There is no shortage of culprits for the carnage the markets endured in the first half. There were supply shortages in a global economy that struggled to re-start after a sudden and historic collapse. Pent up demand from consumers awash with cash provided by government largesse overwhelmed manufacturers' ability to produce the products and shippers' ability to transport them, resulting in higher prices. The Federal Reserve

maintained its “transitory” mindset on inflation even as jobs gains accelerated and unemployment began to approach pre-pandemic levels (chart, below). As the Fed fell further behind the curve, the prospect of more




drastic Fed tightening in an attempt to play catch-up drove market interest rates up to levels above the Fed’s own targets, collapsing the price/earnings multiples of growth stocks and driving the market indices lower.

Russia’s attack on the Ukraine further exacerbated these problems, driving up food and energy prices. Consumer confidence has plumetted and inflation expectations have grown among consumers, if not in the financial markets.

The pandemic was never going to be a “one and done” event in so far as the economy was concerned, and some level of shortages and a degree of heightened inflation was to be expected even in a best case scenario. But policy makers are increasingly coming under criticism for errors that analysts and detractors now say were foreseeable and avoidable. Some of this is hindsight and some of this is cheap opportunism in a political year. But mistakes were made and it is useful to examine them for context.

## What Went Wrong

Former Fed Chairwoman and current Treasury Secretary Janet Yellen recently did something unusual and refreshing for a Washington policy maker - she admitted a mistake. When asked in a CNN interview about her prediction last year that prices would stay under control, Yellen answered, “I was wrong then about the path that inflation would take.”

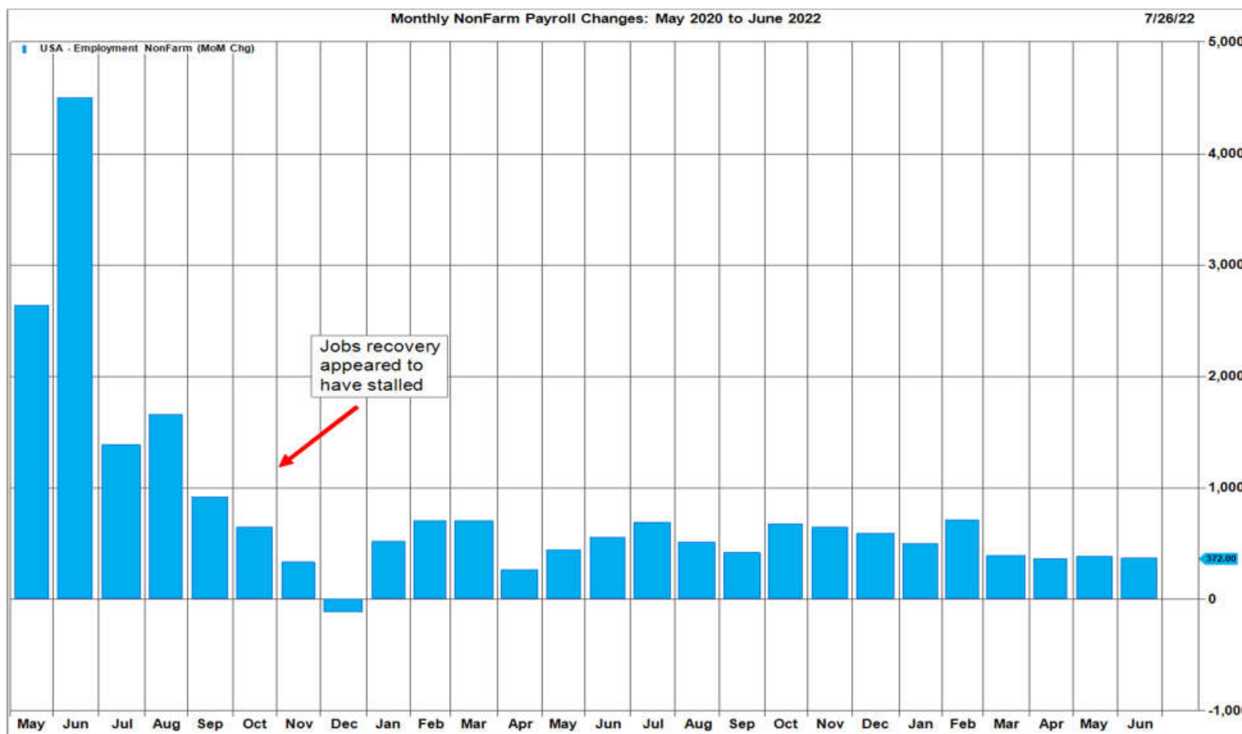
Yellen was referring to early 2021 when inflation hawks were arguing that the new President’s $1.9-trillion stimulus plan was going to overheat the economy. Yellen argued, then, that the risk of inflation was “small”

and “manageable.” She was far from alone, as for much of 2021, Fed Chairman Powell insisted that inflation would be “transitory,” and the Fed kept interest rates near zero even as inflation rose to 6%.

Whether or not Yellen and Powell were wrong in their dismissal of inflation as a threat is no longer up for debate, but whether or not they were irresponsible is less certain, as we cannot travel a path not taken.

A recent article in the *Atlantic* suggests that the new administration and the Fed have been, to a great degree, fighting the last war – in this case, the Great Recession of 2008-09. The recovery from the steep downturn of those years was painfully slow. GDP growth averaged only about 2% per year from 2009 to 2016. Unemployment, which peaked at 11% in the latter stages of the recession was still hovering above 7% four years later and wages had hardly budged. The stock market rose 126% during the initial stages of that recovery, but millions of Americans were still suffering in the recession’s aftermath. This was despite policymakers’ injection of massive (or so it seemed then) amounts of stimulus into the economy. In 2009, just as in 2021, a new President signed into law the largest stimulus plan in history without a single vote of support in the House from the opposition party. At the same time, the Fed, under Ben Bernanke, had slashed interest rates to near zero and kept them there, while also trying to inject more liquidity into the system by buying financial assets in what has come to be called quantitative easing, the first time it had been applied in the U.S. on such a large scale. Still, the economy would not fully recover for seven long years, and surveys of economists later showed general agreement that the stimulus had not been enough.

In the current cycle, another new President took office in January 2021, inheriting an economy that had bounced back strongly from the pandemic-induced recession thanks to the massive amounts of stimulus provided under the prior President and Congress, but the recovery in the labor market seemed to have

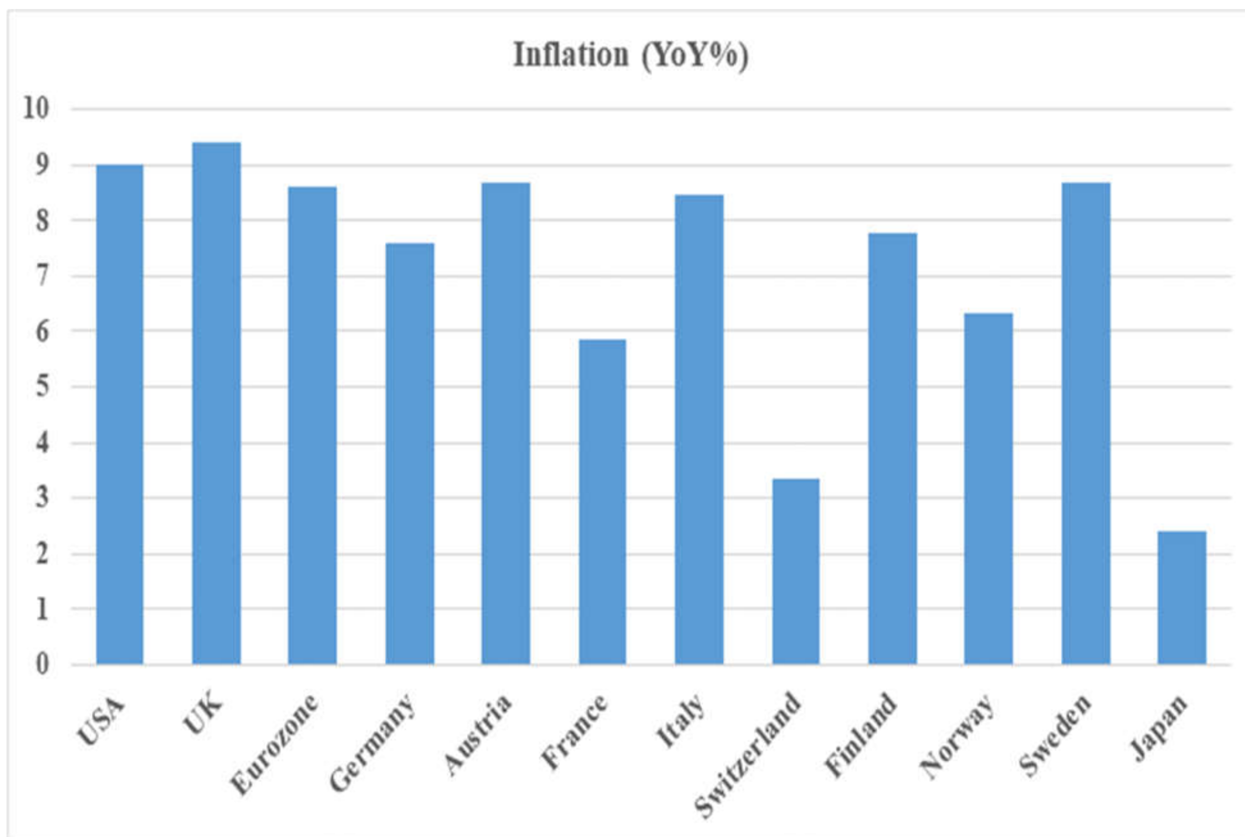



stalled. Job gains had declined in each of the previous four months and the economy actually lost jobs in December, the month prior to the inaugural, as the delta and omicron variants caused a temporary surge in

new COVID cases. The unemployment rate remained well above 6%. The lesson from the last recession was to err on the side of doing too much rather than too little.

As for the Fed, inflation fears arising from its loose monetary policies after the 2008-09 recession had all been proven wrong. In 2010, with unemployment still hovering near 10%, a group of 23 economists, hedge-fund managers and academics wrote an open letter to then-Chair Bernanke arguing that quantitative easing risked "currency debasement and inflation" and should be ended. In 2010, with Yellen then in charge, the Fed was being widely criticized for its accommodative policies, despite inflation and unemployment rates of 1.8% and 6.6%, respectively. Employment would not return to pre-recession levels for three more years.

Inflation hawks, in other words, were the proverbial child who cried wolf, and their warnings were dismissed. Were policymakers wrong in ignoring these warnings? The simple answer is yes, if we are to consider only the inflation consequences of the policies that were chosen. But were they the wrong policy choices? The pace of job creation did, in fact, pick up in the wake of the enactment of the stimulus enacted in early 2021. The average monthly jobs gain of 526,000 since that time is nearly double what it was in the three months prior to its passage, and the unemployment rate has fallen from 6.3% to 3.6% over the same time period. No one can say what the jobs gains would have been without the additional stimulus or had the Fed not kept interest rates low, just as we can't know what the level of inflation would now be had the Fed heeded the inflation hawks' warnings or had the American Rescue Plan not been enacted. After all, inflation in most other industrialized countries has roughly matched our own experience, even though most of them did far less in the way of fiscal stimulus.

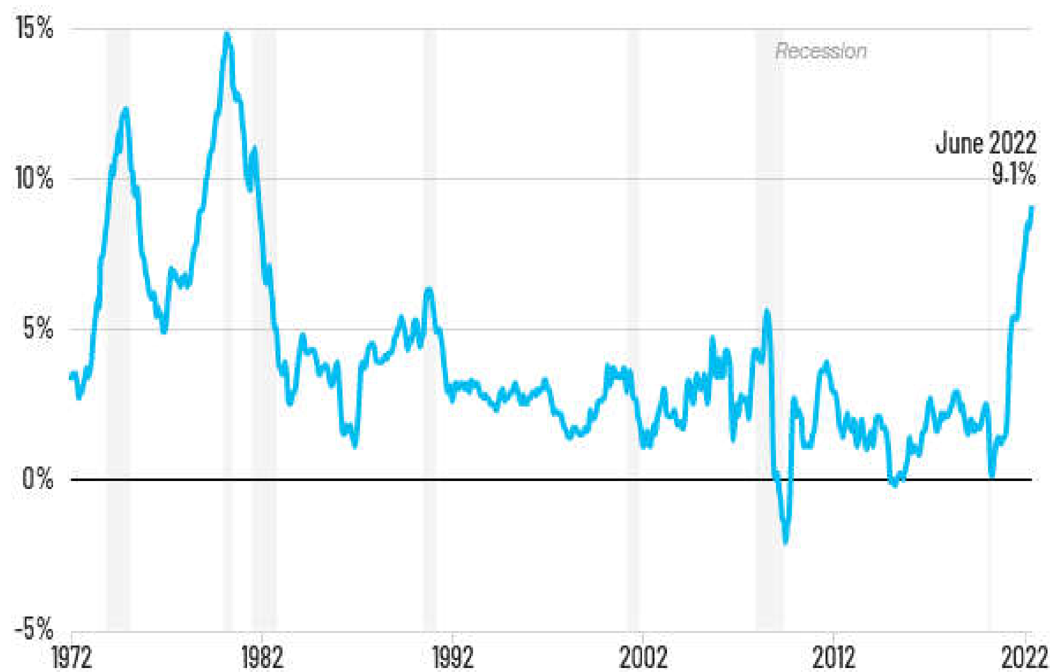



As the *Atlantic* article points out, economic policy making is always a matter of balancing risks and rewards. Policymakers chose to focus on the risk of continued high unemployment, and we cannot know where the

path not chosen would have led. The reality is that the benefits of any employment increase which may have resulted from the easy money policies that were implemented, have been overwhelmed by the more damaging effects of rapidly rising prices. To put it more coldly, inflation affects everyone, but it's not a recession until you lose your job.

**Inflation and the Federal Reserve**

If the Federal Reserve was looking to the June report for signs that inflation was beginning to ease, they didn't find any. Inflation surged to a new 40-year peak in June with the Consumer Price Index (CPI) rising 9.1%, well above May's reading of 8.6% and higher than the 8.8% that analysts had predicted. Prices rose 1.3% in June, alone, driven by another spike in gasoline prices which are now up 60% over the last year. Electricity costs have risen 13.7% and natural gas prices are now up 38.4% over the last twelve months, but energy is far from the only contributor to the recent series of disappointing reports on inflation.




The June report showed that consumers are paying sharply higher prices for a wide variety of both goods and services. The food index has risen more than 1% in each of the last 6 months and is now up 12.2% year-over-year, with dairy up 13.5% and meat up 13.8%. Rents rose 0.8% in June, the largest monthly increase in more than 36 years. Medical care costs climbed 0.7% for the month, driven largely by a 1.9% increase in

dental services – the largest monthly increase ever recorded for that sector since data began being collected in 1995. New and used car prices rose 0.7% and 1.6%, respectively, in June. Housing and apparel costs have increased sharply, as well.

Excluding food and energy prices which tend to be more volatile, the "core" CPI is up 5.9% over the last year, but 0.7% in June, which equates to an annualized inflation reading of 8.7%. The Federal Reserve pays particular attention to the core data when assessing inflationary trends, and the June numbers show that inflation is still accelerating and spreading into more sectors despite three interest rate hikes so far in 2022.

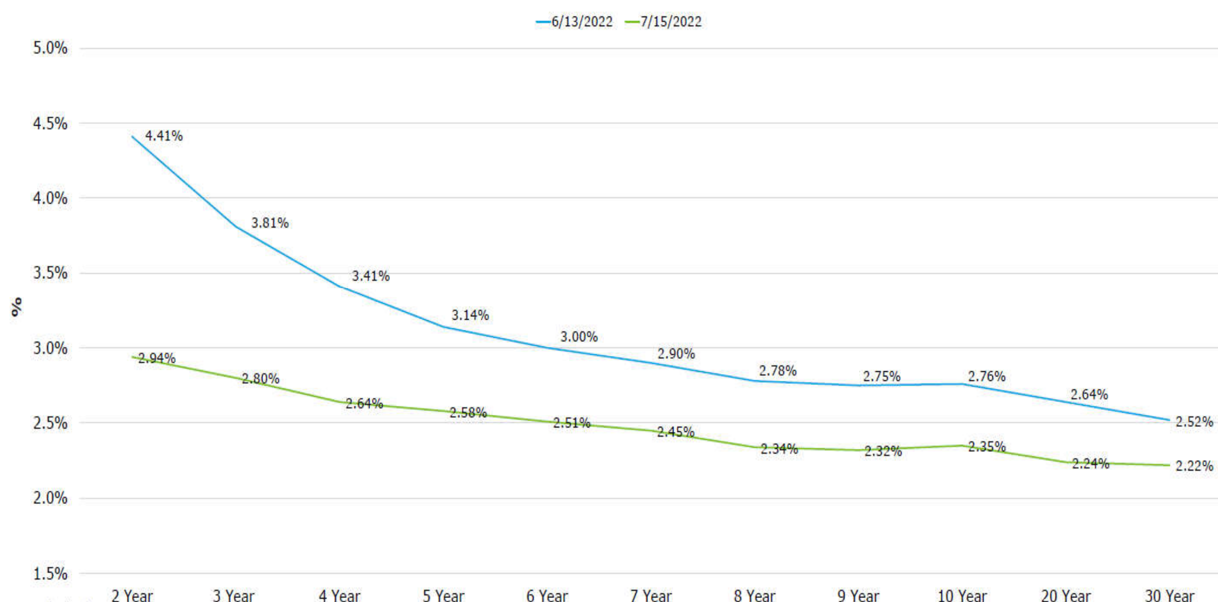
## Wall Street Is More Optimistic on Inflation than Main Street

We said earlier that inflation expectations had risen in the minds of the consumer, but the yield spreads between traditional Treasury bonds and Treasury Inflation Protected Securities (TIPS) suggest that inflation expectations are easing in the bond market, despite the disappointing June CPI report.

Traditional Treasury bonds trade at a *nominal* yield-to-maturity, while TIPS trade at a *real* (relative to inflation) yield-to-maturity. Subtracting the real yield on TIPS from the nominal yield of a Treasury bond of comparable maturity provides an indication of the bond market's expectation of inflation over the maturity of the security. The chart, below, shows that bond investors' inflation expectations (green line) have actually declined in the last month.

Inflation expectations (CPI from TIPS breakevens)

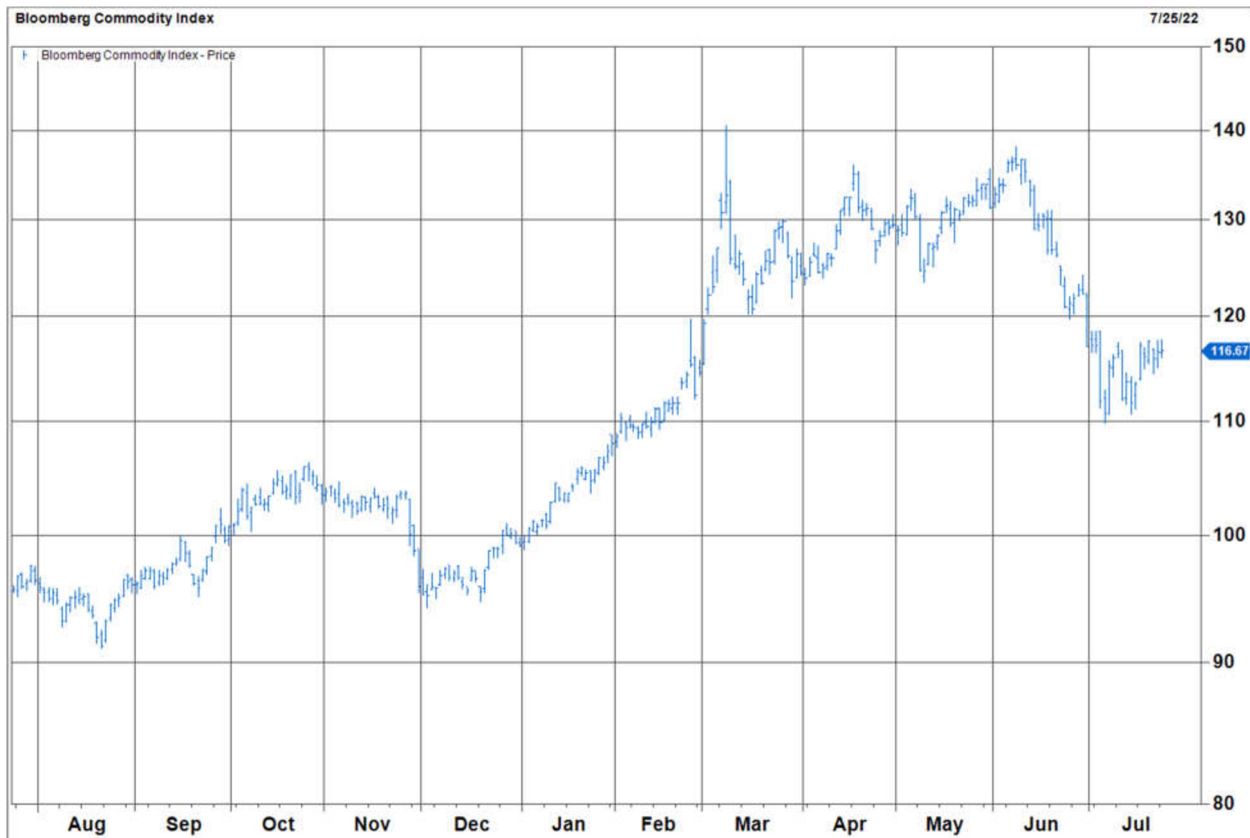
Inflation expectations have shifted lower as Fed becomes more hawkish




As of 7/15/2022
Source: Bloomberg, L.P.
Inflation breakeven on Treasury Inflation Protected Securities (Tips) are calculated by subtracting the real yield-to-maturity on TIPS from the yield-to-maturity of a comparable maturity, nominal US Treasury Note or Bond. Breakevens provide an indication of the market expectation of the average level of the annual change in the headline CPI over the maturity of the security. Due to the lesser trading liquidity of TIPS compared to nominal Treasury securities, the real yield on TIPS is believed by market participants and policy-makers to be somewhat elevated, thus causing breakevens to understate true inflation expectations by varying amounts. Nevertheless, the breadth of maturities in the TIPs market and in the nominal US Treasury market allow for helpful indications of expected inflation and forward expected inflation.

Admittedly, the actual numbers on the chart seem absurdly low, as no one really expects that inflation will fall to 2.94% over the next two years. This is because the lesser trading liquidity of TIPS relative to traditional Treasuries causes their real yield to be somewhat overstated and true inflation expectations to be understated by varying amounts. What is instructive here is the *direction*, not the actual numbers, and bond market inflation expectations seem to be trending lower.

Data that has been reported subsequent to the June report provide some support for the bond market's optimism. Prices of copper and other commodities which spiked in the May-June period have begun to fall as high prices appear to be taking their toll on demand.




The price of gas at the pump has fallen from above $5.00 to $4.68 on average, nationally, and is reported to be below $4.00 in some areas (alas, not ours.) The number of oil and natural gas rigs in the U.S. has increased 29% since the beginning of the year even as demand has dropped, affirming the old adage that the best cure for high gas prices is high gas prices.

Futures prices for wheat, corn and other commodities are falling, suggesting that demand destruction is beginning to take hold. Average hourly wage increases have decreased from 5.5% in April to 5.1% in June – a modest change, but a decline nevertheless. Bloated inventories resulting from retailers over-ordering to combat supply troubles, are expected to lead to more discounts for consumers going forward.

There are also signs that manufacturing activity is weakening and the labor market is softening, but all of this may not be enough to compel the Fed to back off from its hawkish stance. A rate hike of at least 0.75% is a given when the Fed next meets on July 26-27, and an even larger increase of 1% is likely not off the table given that inflation concerns have spread beyond just energy. The Bank of Canada recently increased its rate

by a full percent, and central banks, globally, with the notable exception of Japan, seem to be in full battle mode against inflation.

Of course, the July meeting will not have taken place in time for us to comment on the Fed's actions or the markets' reaction in this *Outlook*, but we will be watching both with great interest.

**Recession More Likely – But When?**

We are seeing a growing number of analysts' reports speculating that the U.S. is already in a recession. Real GDP declined by an annualized rate of 1.6% in the first quarter, and the consensus is that the second quarter result will be very similar when it is released on July 28. Many consider a recession to be two consecutive quarters of negative growth in real GDP, but that is more a rule of thumb than a definition. The National Bureau of Economic Research (NBER) defines a recession as "a significant decline in economic activity spread across the economy, lasting more than a few months, normally visible in real GDP, real income, employment, industrial production, and wholesale-retail sales." Accepting that definition, there is nearly universal agreement among economists and analysts that the odds of a recession have increased dramatically as the Federal Reserve aggressively raises interest rates to get control of inflation.

Former Treasury Secretary Larry Summers has warned that "it is unlikely – very unlikely – that we will see inflation come down to the target range without a significant economic downturn." In answer to a question of how significant the downturn needed to be, his response was that "we would not be out of this (inflation) without a significant interval of 6% unemployment."

Goldman Sachs Chief Economist David Mericle doubled his assessment of the risk of a recession this year to 30%, and almost a 50% probability within two years. But he also thinks the Fed will back off its tightening later this year to ward off a downturn, which is not the current consensus view.

Bank of America is looking for a "mild" recession beginning in the second half of 2022 with five quarters of negative growth. That seems awfully specific in terms of its timing and length, but their forecast is for the downturn to begin sooner rather than later.

J.P. Morgan CEO Jamie Dimon stated in early June that he expects an economic "hurricane" resulting from the ending of the largest combined fiscal and monetary stimulus in history, as well as the ongoing impact of Russia's invasion of the Ukraine on food and energy prices. In his view, currently elevated employment and consumption levels will not survive the unwinding of the Fed's zero percent rate experiment, the withdrawal of fiscal stimulus and rising food and energy costs.

Even former Fed Chair Ben Bernanke, who helped guide the economy through the 2008 financial crisis, has said that we are likely entering a period of "stagflation," a combination of economic stagnation and high inflation, coupled with rising unemployment.

Standard & Poor's stated in a recent research note that, "Economic momentum will likely protect the U.S. economy from recession in 2022. But, with supply chain disruptions worsening, the weight of extremely high prices damaging purchasing power, and aggressive Federal Reserve policy increasing borrowing costs, it's hard to see the economy walking out of 2023 unscathed."

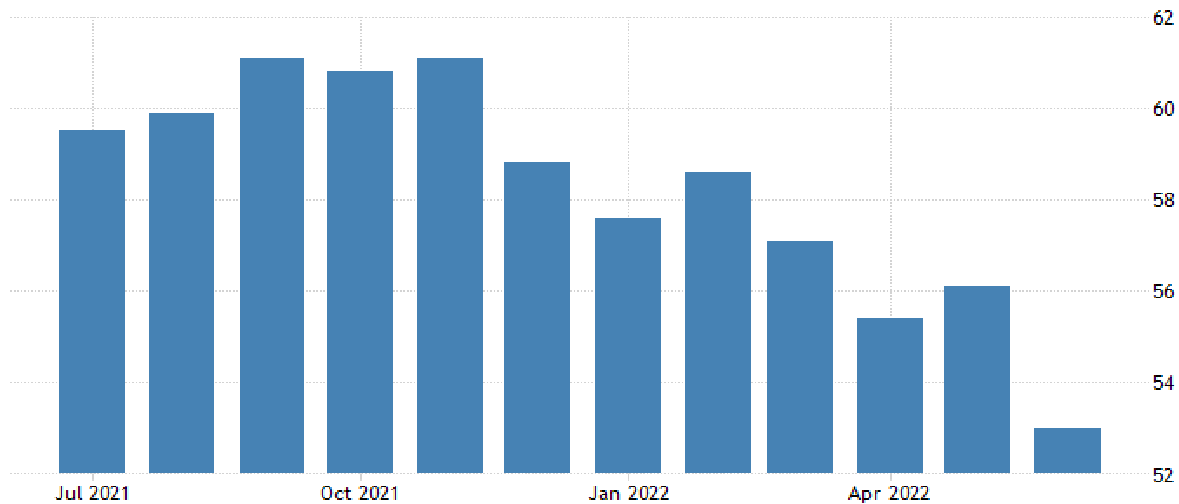
In advance of the G-7 summit in June, economists on both sides of the Atlantic were increasingly warning that the risks of the U.S. and Europe sliding into a recession had picked up sharply. Holger Schmieding,

chief economist at the privately-owned Berenberg Bank in Hamburg, Germany, said that "what used to be a rising risk of recession has now turned into the base case."

Some of the recent reports on jobs and manufacturing are providing some evidence that the increasingly gloomy economic outlook from the analysts we have cited, and others, may be justified.

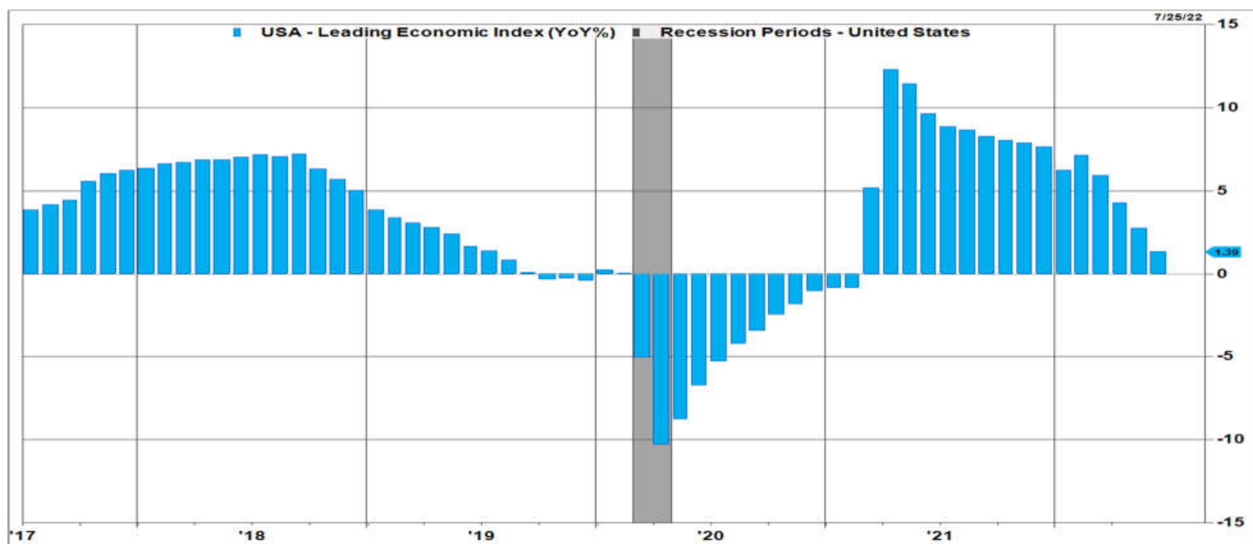
The June jobs report showed that non-farm payroll rose by an above-consensus 372,000 in the month, but May and June were revised down by a combined 74,000 jobs, erasing most of June's upside surprise. More significant, initial jobless claims have risen steadily since April and are now at a yearly high. The jobs report is backward looking, while initial jobless claims are a better indicator of where the labor market might be heading.

The U.S. Purchasing Managers' Index (PMI), a measure of the prevailing direction of manufacturing trends, fell to its lowest level in a year (chart, following), and related measures of business confidence, new orders and manufacturing employment fell as well.



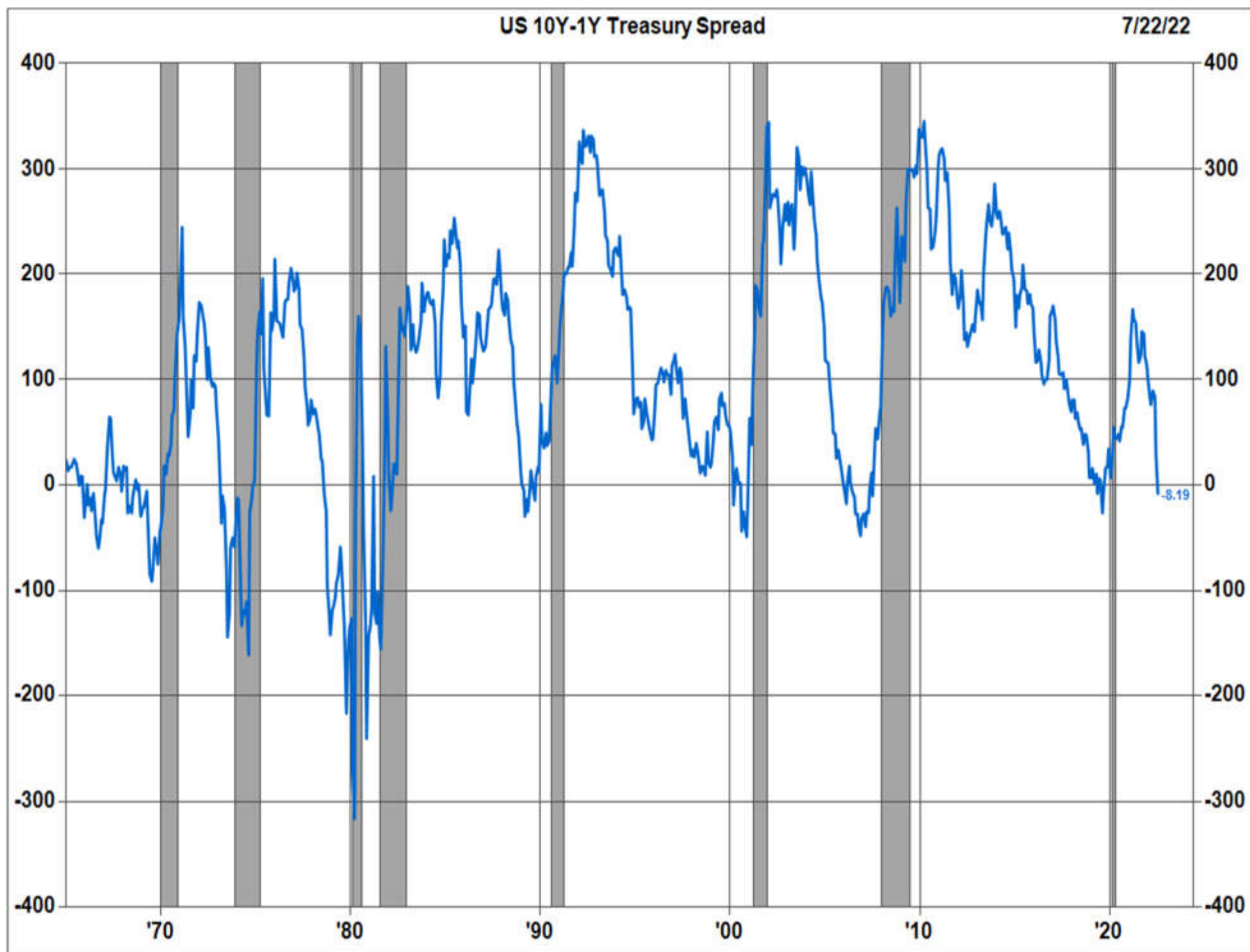

More significant, the "flash" PMI Composite for July compiled by S&P Global fell sharply to 47.5. Any number above 50 is still indicative of continued economic growth, so July's flash reading indicates the first contraction in business activity since June 2020.

The Composite of Leading Indicators has fallen for the fourth straight month, and is now at its lowest level in sixteen months. The composite measures much of the jobs and manufacturing data cited above, but also such things as new building permits, stock prices, money supply and consumer confidence. With respect to the latter, the Conference Board Consumer Confidence Index fell in both May and June, and is now at its lowest level since February 2021.




Finally, the yield curve – the spread between long term rates which reflect economic growth assumptions and short term rates which are driven by Fed policy – has inverted, with the 10-Year Treasury rate falling below the 1-Year rate. As the chart (following) shows, an inversion of the yield curve has generally been followed by a recession within a period of 6 to 18 months. Of course, the 2020 recession was a "one-off," caused by a pandemic-induced economic shutdown, and the yield curve inversion that preceded it most certainly did not

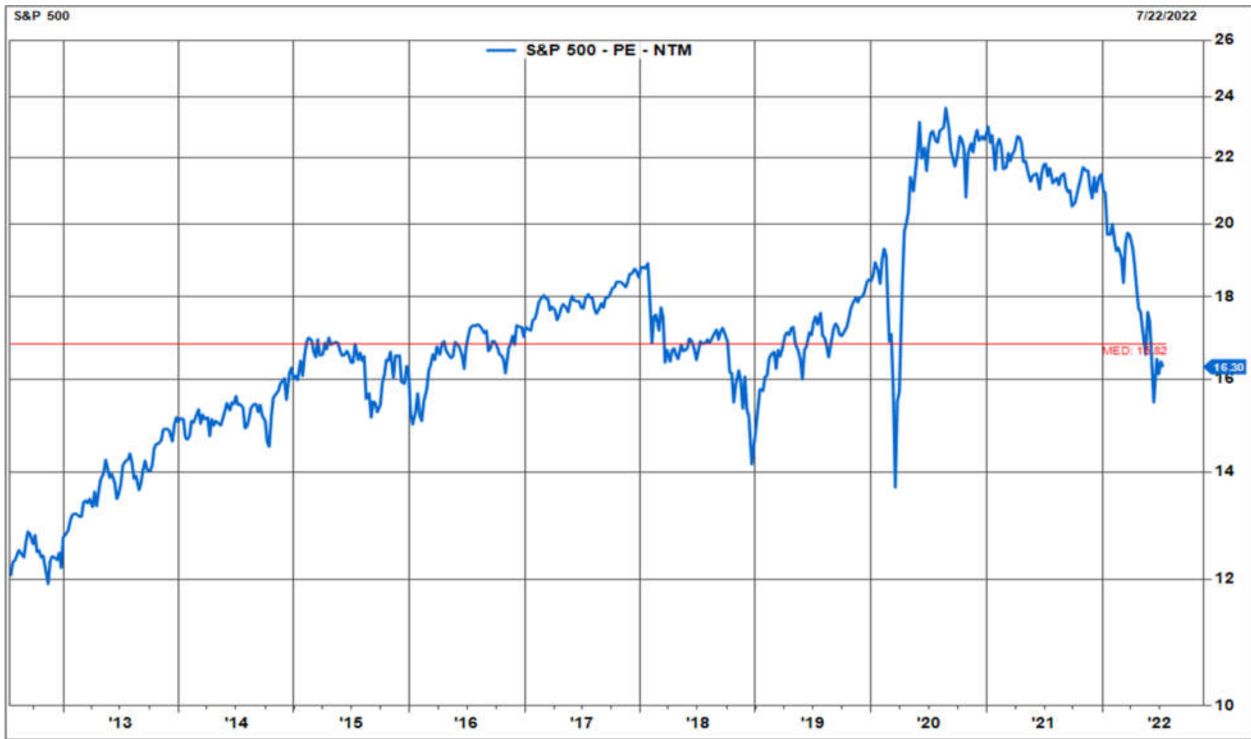
discount the onset of Covid-19. But chances are that, in hindsight, the virus just hastened and deepened a recession that was probably going to occur any way.



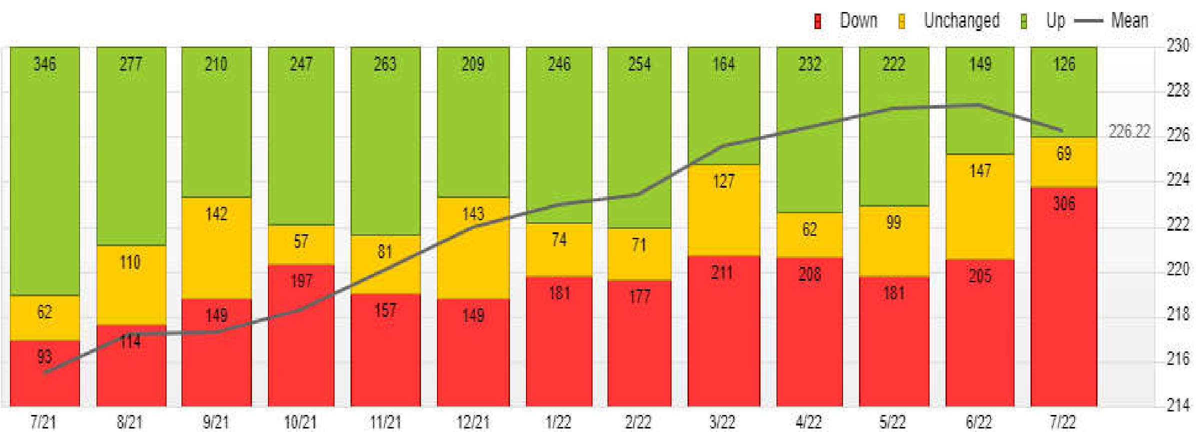

History suggests that the Fed's chances of achieving a "soft landing" are not good, as it has embarked on eleven rate hike cycles during the 50+ years included on this chart, and eight of those cycles have led to a recession. The most recent inversion of the yield curve is another indicator that its batting average will not improve in this cycle.

**The Stock Market**

Stock prices, at their most basic, are the product of expected corporate earnings, and the multiple investors are willing to pay for those earnings. The market's miserable performance in the first half was entirely the result of the decline in that multiple, which resulted from rising inflation expectations and higher interest rates. The forward price/earnings multiple for the S&P 500 declined from nearly 22 times at the beginning of the year to about 16 times, currently, just below its 10-year median (chart, following).




At the same time, as the chart, below, shows, *earnings expectations for 2022 continued to rise, even as the chorus of recession warnings grew louder.* The line in the chart, below, represents the mean S&P 500 estimate which peaked in June, and has just recently begun to fall. The bars in the chart look "under the hood", so to speak, to show the actual number of companies in the S&P whose earnings estimates have been revised up (green) or down (red), and the last month has seen the pace of downward revisions increase dramatically. Meanwhile, 2023 earnings estimates (not shown) have been lowered slightly, but remain 9% above current 2022 estimates. In other words, current earnings assumptions almost certainly do not account for the possibility of a recession this year or next!

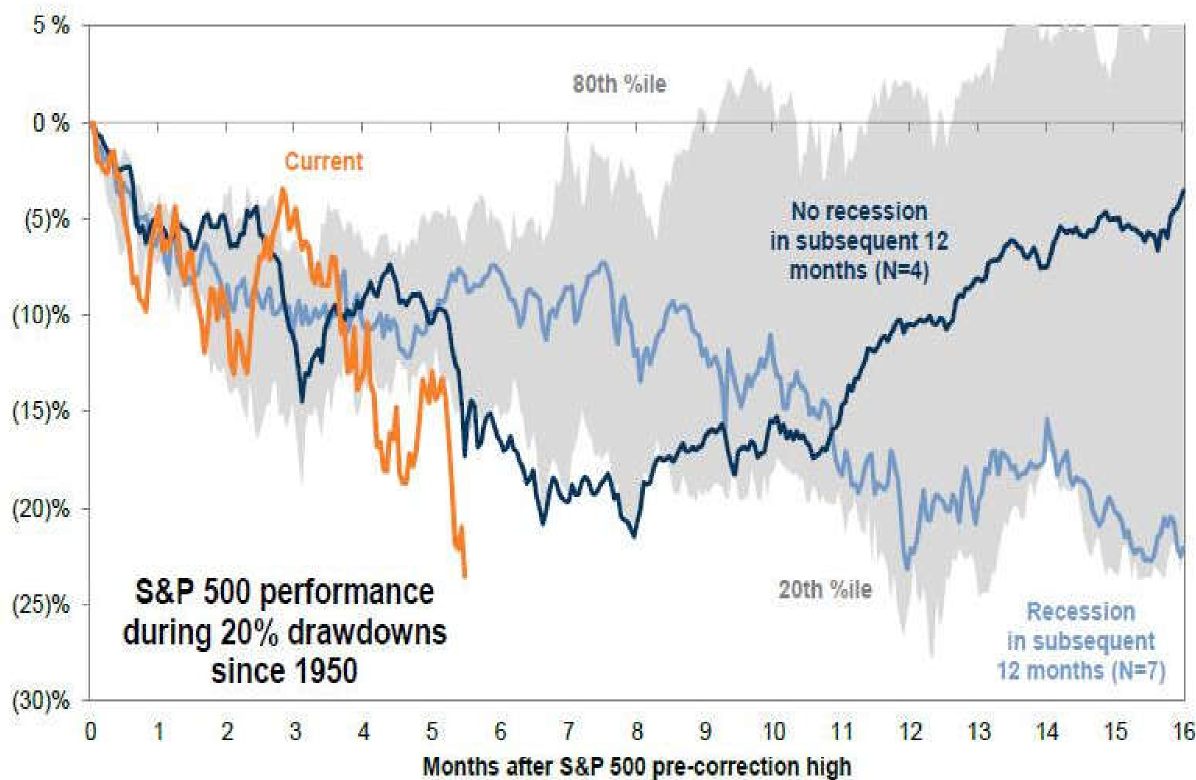



Putting some numbers on it, current earnings estimates for the S&P 500 for 2022 and 2023 are $226 and $246, respectively. Let's assume that expectations for 2022 continue to fall and actual earnings end up at $215, and expectations for next year's earnings fall from 9% to 6%, or $228. This would imply an S&P 500

level of 3,650 – 7% below current levels – even if the market's price/earnings multiple doesn't contract further. But even these moderately lower assumptions do not take into account the possibility of a recession which would drive earnings lower. Given that the average earnings decline over the last four recessions has averaged 14%, it's easy to see why some analysts are saying that the market could be vulnerable to another 20% down if a recession is not averted.

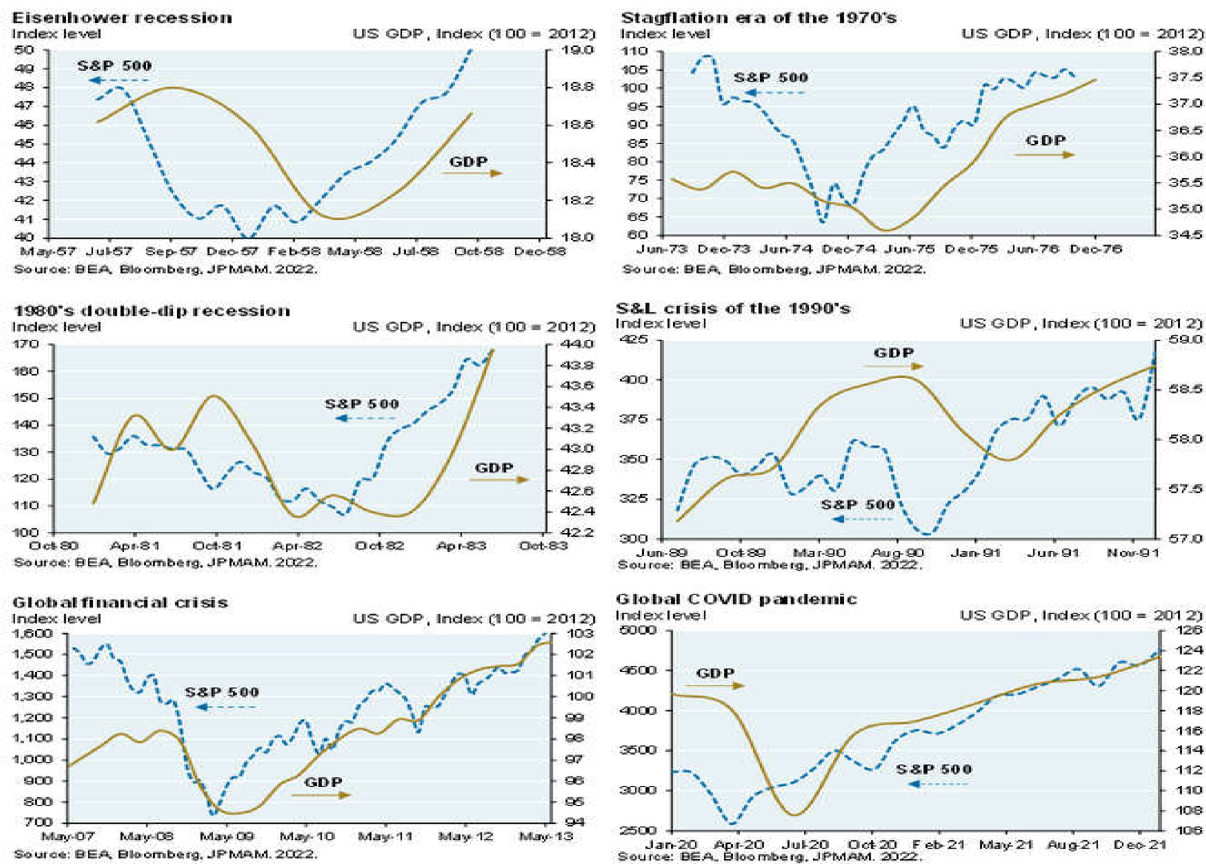
The chart, below, shows the S&P 500's performance following declines of 20% or more going back 70 years, and it shows clearly that the market's tendency to recover in a reasonable period of time has been dependent on the economy's ability to avoid a recession.

Morgan Stanley Chief U.S. Equity Strategist, Michael Wilson, in a piece written in early July, wrote succinctly, "The bear market will not be over until a recession arrives, or the risk of one is extinguished." We wouldn't argue the point.




Source: Goldman Sachs Global Investment Research

However, there is an important timing issue that investors need to consider – the markets are a *leading* indicator of economic activity, not a coincident one. In every business cycle downturn, equity markets lead the economy by several months, if not longer. The charts, following, show the performance of the economy and the stock market during the six major post-World War II business cycle downturns. In each case, equity prices peaked while the economy was still growing, **then bottomed and began to rise while the economy was still getting worse.** This will no doubt be the case in the current cycle; the only questions are whether the inevitable upturn will be from current levels or something lower, and how far in the future it will it be.




## Final Thoughts

A recent commentary from Fidelity points out that inflation has averaged just over 2% over the last 25 years, allowing the Federal Reserve to maintain unusually accommodative monetary policies even during periods of economic expansion. When markets became volatile, as occurred in 2011, 2015 and 2018, the Fed was able to ease policy or postpone its tightening plans in response to stock market declines, even when there was little evidence of an economic downturn. This gave rise to what many investors have called the “Fed put,” implying that the Fed would step in to rescue financial asset prices whenever they came under significant pressure.

The fact that supporting asset prices is nowhere within the Fed’s sphere of responsibility is a subject for another time. Nevertheless, the Fed faces far more difficult choices during high inflation periods, when maintaining price stability often conflicts with preserving jobs by trying to prop up the economy.

Many of the conditions and circumstances that resulted in the low inflation rates of the past are under threat. Chief among these is globalization, which kept prices low, and wage gains moderate, but which is likely to recede as a positive force as a result of the pandemic, populism, war and rising geo-political tensions. It’s possible that we are transitioning into a higher inflation environment, at least for the foreseeable future. If this is truly the case, the Fed will be forced to either accept a rate of inflation above its current 2% target, or risk damaging the economy in pursuit of an unattainable goal. Either choice portends a continued period of higher volatility and lower than normal market returns.

Neither fiscal policy nor the Federal Reserve can actually create wealth or growth, only the illusion of each by massive injections of liquidity or stimulus into the economy. By continuing these policies well past their "use-by" dates, policymakers created so much demand for goods and labor that prices are rising faster than wages causing savings to be depleted, consumer debt to increase, and economic activity to decline in real terms.

This *Outlook* paints a darker picture than has generally been the case, but we think it's better to be realistic than hopeful when it comes to evaluating risks and rewards. For that reason, we have remained in a defensive posture since early March with respect to equities, and have grown even more cautious as the year has unfolded. This includes reducing our equity weightings to levels well below what would be considered "neutral," and limiting our equity holdings to the stocks for which we have the highest degree of conviction. If it turns out that we are being unnecessarily bearish, or if some unknown positive surprise should rally the market from here, our clients will still see positive returns. But if we are right, we will have preserved more of their capital to fight another day. As always, we are more concerned with what is prudent and reasoned, rather than with what will only in hindsight prove to be right or wrong.

Finally, there is a tendency among investors to become fixated on a specific piece of information and lose sight of the bigger picture, particularly in difficult times. There is also a bias called loss aversion, which makes the pain of losing money more intense than the happiness of gaining a similar amount. Stressful periods such as we are now experiencing bring both of these into play. But we would urge anyone who has been invested in the stock market for ten years or five years – or even three years – to look again at the chart of equity returns on page 1 of this *Outlook* and note that long term returns are still overwhelmingly positive despite the negative year-to-date and 1-Year performance. The S&P 500 has averaged more than 10% per year – returning 35% cumulatively - over the last three years, a period that includes not one, but two, bear markets of 35% in 2020 and 20% in 2022. Over the last five and ten years, the market's average annual returns of 11.31% and 12.96%, respectively, means that stocks are up 70% over the last five years, and 238% over the last ten years.

So even if the first half of this year represents "the worst of times," it ought not obscure the bigger picture. In another context, Winston Churchill said that "success is not final; failure is not fatal. It is the courage to continue that counts." The message for investors is that there are good times and bad times, but there is always time.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