

When Bad News Is Good News

A surprising reaction to tapered bond purchases.

Provided by «representativename»

Financial markets can be challenging to understand. But when markets enter a “bad news is good news” cycle, it becomes even more difficult to follow along.

At its November meeting, the Fed outlined its plan to taper monthly bond purchases, which will end this pandemic-era policy response by July 2022.¹

Bad news, right? The bond purchases were one of the ways the Fed supported the economy. Stopping the program would be like removing the punchbowl just as the party was getting going.

Not so fast. This time around, the financial markets said that bad news was good news. Ending the program signaled that the Fed had confidence in the economic recovery, and it no longer needed to support the financial markets.

But just a month ago, the bad news was still bad news. The financial markets hit a rough patch in late September after the Fed said it was preparing to reduce its bond-buying program as soon as November.²

If you have been investing for any period of time, it should come as no surprise to hear that the financial markets changed their mind. So, remember to consult your financial professional to help you keep focused on your investing goals while the financial markets sort out what’s good news and what’s bad.

**«representativename» may be reached at «representativephone» or «representativeemail».
«representativewebsite»**

Investing involves risks, and investment decisions should be based on your own goals, time horizon, and risk tolerance. The return and principal value of investments will fluctuate as market conditions change. When sold, investments may be worth more or less than their original cost.

This material was prepared by MarketingPro, Inc., and does not necessarily represent the views of the presenting party, nor their affiliates. This information has been derived from sources believed to be accurate. Please note - investing involves risk, and past performance is no guarantee of future results. The publisher is not engaged in rendering legal, accounting or other professional services. If assistance is needed, the reader is advised to engage the services of a competent professional. This information should not be construed as investment, tax or legal advice and may not be relied on for the purpose of avoiding any Federal tax penalty. This is neither a solicitation nor recommendation to purchase or sell any investment or insurance product or service, and should not be relied upon as such. All indices are unmanaged and are not illustrative of any particular investment.

«RepresentativeDisclosure»

Citations

1. CNBC.com, November 3, 2021
2. WSJ.com, September 29, 2021