# The Hefter Report – February 2022

As of this writing (Sunday February 20) it appears more and more likely that Russia will invade Ukraine. If that happens we believe commodity prices such as oil, Liquid natural gas and grains would rise adding to an already accelerated rate of inflation. It would also lead, in our opinion to further stock market declines   If however, a war is somehow prevented or limited in nature commodity prices could come down and stock market prices could rally.

In past periods of such uncertainty such as the first Gulf War, 9-11, the Lehman Brothers bankruptcy and the onset of Covid 19, within 6-18 months stock prices were higher and buying after the event proved more profitable than selling. Given that the FED does not have any appreciable way of lowering interest rates on the dawn of this crisis, a full-scale invasion could mean lower stock prices for the next 3-6 months. If you anticipate needing cash from any of your accounts during that time please let us know. Otherwise on the balance we are and have been shifting out of growth stocks and into more value oriented managers with meaningful positions in energy oriented securities.

We believe we are in a painful correction within a bull market. With omicron on the wane and the economy on the cusp of reopening, earnings may surprise to the upside, especially for companies that can pass on rising costs to their consumers. As of now, for people who do not have near term needs for cash we remain invested and confident of an upward trajectory in equity prices for at least the next few years.



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