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AN UPDATE FROM PAUL DIETRICH

SPECIAL EDITION: A U.S. RECESSION IS COMING. THE QUESTION IS WHEN?

In my June 8th *Market Commentary*, I wrote, "While most Wall Street analysts have downgraded their 2022 stock market predictions, the consensus is that the S&P 500 Index will end the year up 7% to 10% from January 1 to December 31, 2022." This information was based on the latest government statistics available at that time.

Subsequently, data released this month shows a dramatic decline in the leading economic indicators. The Federal Reserve is aggressively accelerating its rate increases to slow the economy, and inflation is still running at over 8%.

In the past few weeks, many Wall Street analysts have significantly downgraded their projections for the stock market.

Our Economic And Stock Market Technical Indicators Are Now Signaling A Recession.

In my last *Market Commentary*, I also discussed several economic and stock market indicators we use when deciding to move assets out of the stock market on behalf of clients of our B. Riley Fairfax investment strategies.

Last Friday, June 17, after the close of the stock market, both of the key technical indicators we rely upon triggered and we are now in the process of removing all equities from our B. Riley Fairfax investment strategies.

We are liquidating all stock and the stock Exchange Traded Funds (ETFs) positions and rebalancing these portfolios to include cash, cash equivalents, treasury bonds, gold, commodities, and a small percentage of an inverse S&P 500 ETF. An inverse S&P 500 ETF goes up in value when the S&P 500 Index goes down. The gold, commodities, and the inverse S&P 500 ETF investments should provide some growth in a long-term bear market/recession and downward trending stock market.

In my next *Market Commentary* (expected Thursday, July 7, 2022), I will share more detail on how the technical indicators we use work, and what it means when these indicators are triggering a long-term bear market/recession.

Until then, I wanted to alert our clients and advisors that we are moving out of the stock market and replacing stocks and stock ETFs with the more defensive investments outlined above.

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Paul Dietrich is focused on managing investments for private investors, retirement funds and private institutions throughout the United States. He also serves as a frequent on-air commentator and regularly contributes market analysis to business and financial media including *CNBC, Fox Business, Bloomberg TV, CNN, The Wall Street Journal, Yahoo! Finance, Reuters* and *The Washington Post.*