# Free Lunches

It's the time of year to give thanks, but the list is long, so we'll only mention one: the midterms--certainly not the most important thing but pretty darn important. There was no chaos or violence, concessions were the norm and divided government isn't the worst outcome. In fact, markets generally like it. We're very thankful the midterms were a normal American election.

Earlier this month I was lucky enough to spend a couple days in Seattle—so different from the East Coast, but also beautiful and spectacular, and a pleasant reminder of how vast, diverse, and vibrant our country is. Anyway, I was on the way into a relatively famous brewery (research) and in the doorway, just lying there, was a $5 bill. I looked around…nobody. So, I picked it up, took a few more steps, still didn't see anyone; finally, I pocketed it. But I immediately began to worry. Why was it there? Was someone watching; was it poisoned? I went to the bathroom, pulled it from my pocket, considered the trash can for a moment, but put it in my wallet (carefully separated from my allowance) and thoroughly washed my hands. At this point you're probably wondering what this has to do with anything. Here it is: there are no free lunches. The Feds can't dump money into the economy without consequences, financial booms are followed by busts, and there are no get-rich-quick schemes. That last point is aimed squarely at crypto. It's not dead yet, but it's very sick. After the 2021 investment party got out of hand, some kind of hangover was inevitable. Stocks are down, bonds are down and crypto has been crushed. It's not fun, but it's not a disaster. And what happened to that $5? I gave it to a man asking for money. Did he get a free lunch? Not to my mind. His situation looked desperate, and you can't buy lunch for five bucks anymore.

This nearly three-year-old saga--from virus to lockdowns to stimulus to recovery to overheating to shortages to inflation to rate hikes to here—hasn't followed any familiar path, so predicting the next turn seems foolhardy. We may wriggle our way out of this mess without falling into recession, but we may not. Either way, important progress has been made. Obvious excesses have been wrung out. Stocks are reasonably priced, although not cheap, and bonds now offer (for the first time in years) an attractive yield. Critically, the most recent inflation readings have been moving in the right direction, giving credence to the notion that the Fed may be nearly finished raising rates. But it's probably still too early to see the damage being done by such an aggressive rate hike program. By next summer we should know a good deal more. But, honestly, that's almost irrelevant. Investing is a long game. We'll remember the pandemic, the suffering and those costly free lunches, but time and growth will overcome the whole episode, as it always has. Our best advice? Let your asset allocation do its job, and enjoy your family and friends this holiday season.