3rd Quarter 2022 CIO Commentary

It's still (mostly) all about inflation

We won't spend this entire letter on inflation, as we may seem to have done for several quarters now, but we will give you a brief update. Inflation remains the biggest driver of financial markets, for good or ill. At their Jackson Hole meeting in late August and again in late September, various Fed members spoke strongly about the need to contain inflation, capped off by Jerome Powell's clear message that the Fed will raise rates until inflation falls, and keep them there until it's back toward the 2% target rate. His remarks were shorter, his focus narrower, and his message more direct – we will bring price inflation back down to 2%: "A failure to restore price stability would cause more pain than restoring it will cause." The market took this to mean that short rates are going up more than most had anticipated and may stay there for longer too. Longer run, 2 to 2.5% short rates may be appropriate once inflation comes back down toward target, but not now.

This is an excerpt from a longer commentary. Please Download the PDF to read the entire 3rd Quarter 2022 CIO Commentary.

TIFF Investment Management

September 30, 2022

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