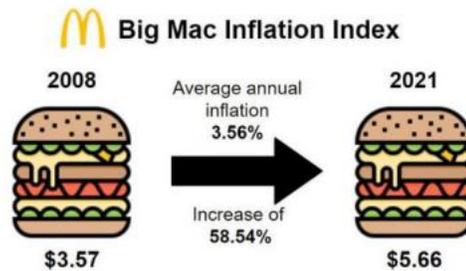


March 2022

The Big Mac Index

Geopolitical tensions in Europe, inflation, and Federal Reserve monetary policy have all created a “wall of worry” in 2022. After two pessimistic months, most equity markets gained ground during March. The benchmark Bloomberg U.S. Aggregate Index dropped for the third straight month following negative returns in 2021. The environment for fixed-income is facing significant headwinds as rising rates and inflation are pushing prices down hard. This historically “safe” arena of investing is not safe anymore and we continue to avoid public bonds in favor of alternative opportunities such as merger arbitrage, private credit and managed futures.

Inflation: An interesting way to look at inflation is the Big Mac Index. While we don’t recommend buying and eating them, the McDonald’s Big Mac is a compilation of many widely used ingredients: meat, salad, corn, wheat, cheese and more. The price of a Big Mac increased almost 60% from 2008 until recently, an average of 3.6% per year. Inflation is a headwind for investors, but also creates opportunity. The energy sector continues to be a bright spot. The fundamental case rests on higher demand, generally improving economic conditions, and supply disruptions from the Russia-Ukraine conflict.



The U.S. economy faces headwinds from rising inflation and sticky inflation that is proving to be more permanent than some anticipated. Stock allocations remain below “neutral.” The bright light persists for commodities holdings including energy and the US dollar. We are seeking to be opportunistic in a troubling market.

At Zuma Wealth, we pursue two goals: growing wealth while guard it. We look at risk and return both strategically and protectively. Strategically, through good offense, by combining different asset classes we create an allocation with great prospects for delivering the growth you seek while guarding against unnecessary risk. Protectively, through great defense, we incorporate data to flexibly respond to market information and to help guard against losses. We thank your clients for their loyalty and trust.



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