

## Anxious Markets

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*All good times must come to an end. The September stock sell-off was inevitable as investors reacted to a myriad of negative trends. The equity markets experienced their worst September monthly return since 2011. Supply chain disruptions, labor shortages, soaring energy and food prices, higher shipping costs, and surging inflation are rattling investor sentiment, which could derail the post-pandemic economic recovery. The greatest threat to the global economy and markets is that the rising flames of inflation may be difficult to contain. On top of these mounting concerns, the acrimonious political environment over lifting the U.S. debt ceiling and the staggering cost of new social spending programs could further destabilize the markets. Meanwhile, the Federal Reserve has been more aggressive in signaling the need to transition away from asset purchases to focus on hiking interest rates, thereby risking corporate profits and GDP growth. Surprisingly, the leveraged finance markets have weathered the tumult in the stock market as credit investors have a different perspective than equity investors. Clearly, there are reasons to be anxious!*



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