

Insights

2Q2022 Capital Markets Brief

This has been a remarkable quarter for everyone who shares this small planet. Geo-politics, hot inflation, market disarray in labor, energy and commodities, global equity market volatility, Russian sovereign default and a crypto-meltdown have made this an extremely challenging quarter for investors.

Russian revanchist aggression has shown itself to be as dangerous in failure as it appeared to be in the early days of their unprovoked attack on Ukraine. Settled International Law and Sovereign boundaries, respected since 1945, were cast aside on February 24. The "Cold War" that we had consigned to the dustbin of history is being reborn in Eastern Europe, this time with no room for neutrality (Sweden, Finland).

The Mesirow Capital Markets Brief is not a geo-political tract; rather, it is a capital markets-focused investment analysis. However, investors who have studied the post-Vietnam rate cycle understand the resonance of history as they contemplate today's markets. Once again, thoughtful investors are coming to terms with the systemic consequences of a decade of "Guns and Butter" fiscal policy in the economic context of "endless war."

The fiscal pressure created by unyielding international demands on a materially exhausted military structure should be priced into 2022 capital markets analysis.



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