The Federal Reserve held its second scheduled meeting of the year and, as expected, it was announced that the Federal Funds Rate would be increased by 25 basis points to a target of 25-50 basis points. The majority of the voting members agreed this was the correct path with the exception of St. Louis President Bullard who believed the short-term rate should have been increased by 50 basis points.

The equity market responded positively to the news. Investors feared that the Federal Reserve was too far behind the curve in taming inflation, but those concerns were somewhat alleviated this week. The Dot Plot, a graphical representation of where short-term rates are expected in the future, was also released and it shows that the consensus is for seven rate hikes by the end of 2022. That is a big difference from just a few months ago when the Fed was looking to be more accommodative.

Technology stocks, which have hurt the most this year, rallied through Thursday's market close. We've continued to believe that the real opportunity in this year's market sell-off is in technology stocks. Most investors follow the textbook response of getting more defensive in a market sell-off and dump their riskier investments for more of the traditional blue-chip staples names, like Proctor & Gamble, Clorox, etc. Most of the time that is the right move; however, that is not the case today.

Using reliable price metrics, such as the next-twelve months price-to-earnings ratio, we've found that these blue-chip stocks are more expensive than technology names. The reason is twofold. One, investors began buying the traditional safe haven stocks months ago and bid their price up. Two, technology stocks have been hammered so much, some down 30-40%, that they are now very attractive relative to their expected earnings.

When we invest in stocks, we are looking for where the opportunity is rather than what the textbooks tell us to do. It is not always the case that during a market sell-off technology companies are the better investment; however, that is the case today. We are data dependent and will make appropriate portfolio shifts based on what we believe is likely to happen in the near future. Even though it is counter intuitive to buy "risky technology" stocks at the moment, this is the correct thing to do to capitalize on where the opportunity is today.