A little more than a month ago, markets were in an upbeat mood. Recent data had shown that inflation was finally beginning to slow, and investors hoped that pressure on the Federal Reserve would ease its interest-rate increases as a result. Two positive inflation readings in a row would make that scenario a lot more likely.

That's not what happened, unfortunately: The Sept. 13 inflation report showed consumer prices up 8.3% from a year earlier, worse than the forecast of 8.1%. Inflation didn't jump by 9.1% or 8.5% as it had in the prior two months, but the result it was disappointing given that gasoline prices had fallen sharply. The persistence of price increases is forcing the Fed to maintain its aggressive inflation-fighting stance. On Sept. 21, it raised the key Fed Funds rate by .75%, while signaling that it will continue to act aggressively to combat inflation. In the fastest rate-increasing cycle since the 1980s, the Fed has now moved the short-term rate it controls from near 0% to between 3% and 3.25% in just seven months.

These developments are a reminder that one good reading, whether it's on inflation or economic growth or any other financial data, does not make a trend. I continue to believe that the worst of inflation will soon be behind us, if it isn't already. The producer price index, which measures how much businesses pay for the things they need, fell .1% in August. Drops in so-called wholesale inflation generally point to an eventual decrease in consumer inflation.

How long will it take for consumer inflation to decline in a meaningful way? It's impossible to say for sure. For now, investors should stay patient, but also be on the lookout for buying opportunities. The market can behave irrationally, especially in times of extreme emotion, and smart investors can take advantage of that fact. As volatility occurs, good businesses wind up being sold off alongside bad ones. Market pullbacks can create the opportunity to own great stocks that were recently prohibitively expensive.

It's also important here to maintain a long-term perspective. Even with the 2008-2009 crash and the 2020 Covid crash, as well as innumerable smaller declines, the value of the S&P 500 has increased by 368% over the past 20 years. In the long run, patience pays off.