JESSUP WEALTH MANAGEMENT

April Market Update

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Market Update

After a pullback in February, stocks ended Q1 2023 on a strong note. Below are the March returns for popular benchmarks that investors track (Data provided by Y-Charts & Commonwealth Financial Network):

- S&P 500 Index: +3.5%
- Dow Jones Industrial Average: +1.9%
- Nasdaq Composite Index: +6.7%
- Russell 2000 Index: -5.2%
- S&P Target Risk Moderate Index: +2.68%

Most of the headlines in March were consumed by one of the largest 'banking crises' this country has ever faced. A few weeks ago, the Federal Deposit Insurance Corporation (FDIC) closed Silicon Valley Bank (SIVB) and took control of its deposits.

Like other banks, SIVB took in deposits, turned them around, and invested them into Treasury bonds and bills portfolio. However, it seems that SIVB was investing in longer-term treasury bonds when rates were low before 2022. As rates rose throughout 2022, those treasury bonds decreased in value since we know that interest rates and bonds have an inverse relationship. When rates go up, bond prices fall, and vice versa.

This caused the value of SIVB's bond portfolio to shrink. A large amount of SIVBs customers were tech companies. They started to withdraw money to put into higher-yielding investments to meet payroll. Etc. SIVB had to sell its longer-term bond investments to meet customer withdrawals at a loss due to the rising rates I discussed earlier. These losses scared their customers, which triggered a run on the bank, with most individuals and businesses withdrawing money. SIVB attempted to raise capital to meet the rest of its withdrawal requests, spooking customers further.

People may ask, **"What is being done to prevent runs on other banks?"**. First, the Fed implemented a "Bank Term Funding Program," which allows banks to borrow money for up to one year at favorable terms to meet customer deposits so that banks do not have to sell their massive bond portfolios at a loss. This is extremely important to shore up bank balance sheets and prevent further bank runs.

Recently, UBS purchased a rival bank, Credit Suisse, to save it from failing.

With all this occurring within a few weeks, most stock market indices were able to finish the month positive. We want to pay attention when stocks climb in the face of fear, like bank failures.

In addition to the banking crises, several other indicators are warning about a recession coming in the not-so-distant future:

- Falling commodity prices due to higher interest rates
- Inverted yield curves
- Bonds outperforming stocks

Yet, stocks were resilient during the first quarter of 2023. So the market is sending a message, and we believe the message is this:

The investing environment is better than what people think.

The media only talks about the risks for the stock market and the economy. However, we would like to highlight some positive information that we believe is propelling stocks higher:

- The S&P 500 closed the first quarter above its December lows. When this happens, it usually signals further strength for the rest of the year.

When Stocks Stay Above The December Low, Good Things Happen

S&P 500 Performance When Q1 Low > December Low

Year	December Low	Q1 Low	S&P 500 Full Year return
1950	16.15	16.66	21.68%
1951	19	20.69	16.3%
1952	23.01	23.09	11.8%
1954	24.55	24.8	45.0%
1955	33.99	34.58	26.4%
1958	39.38	40.33	38.1%
1959	52.46	53.58	8.5%
1961	55.3	57.57	23.1%
1963	61.94	62.69	18.9%
1964	73.62	75.43	13.0%
1965	83.22	84.23	9.1%
1967	80.08	80.38	20.1%
1971	87.47	91.15	10.8%
1972	95.44	101.67	15.8%
1975	65.01	70.04	31.5%
1976	86.82	90.9	19.1%
1979	93.44	96.13	12.3%
1983	135.24	138.33	17.3%
1985	161.8	163.67	26.3%
1986	200.46	203.49	14.6%
1987	242.16	246.44	2.0%
1988	223.91	242.63	12.4%
1989	271.81	275.31	27.3%
1992	377	403	4.5%
1995	445.45	459.11	34.1%
1997	720.98	737.01	31.0%
1999	1141.2	1212.19	19.5%
2004	1059.05	1091.33	9.0%
2006	1248.29	1254.78	13.6%
2011	1206.07	1256.88	0.0%
2012	1205.35	1277.06	13.4%
2013	1402.43	1457.15	29.6%
2015	1972.74	1992.67	-0.7%
2017	2191.08	2257.83	19.4%
2019	2351.1	2447.89	28.9%
2021	3647.49	3700.65	26.9%
2023	3783.22	3808.1	?
		Averge	18.6%
		Median	18.1%
		% Positive	94.4%

Source: Carson Investment Research, FactSet 03/28/2023
@ryandetrick

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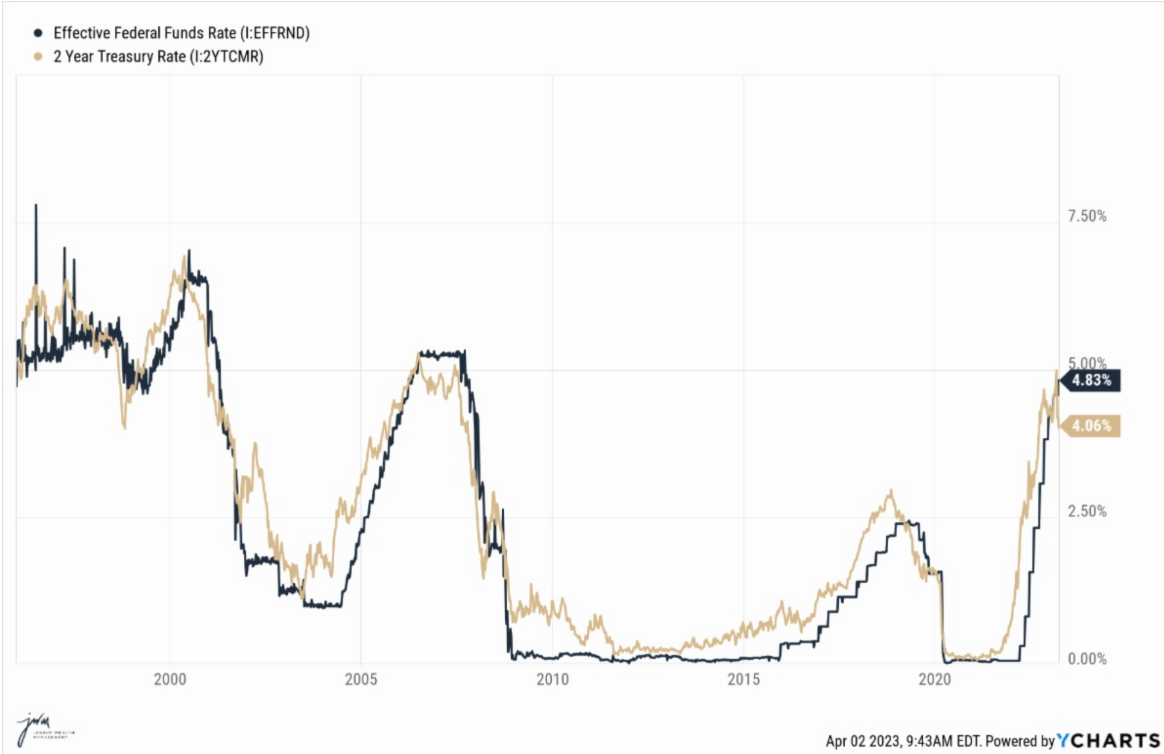
- We believe the Federal Reserve is done hiking rates for now. The market is now pricing in a couple of rate CUTS before the end of the year. As you can see in the chart below, when the 2-Year Treasury yield falls below the fed funds rate, it is a sign that the Fed is done with its rate hike campaign. This should lead to easier financial conditions, which is a tailwind for risk-on assets



- Aggressive sectors in the market continue to outperform defensive sectors. If the market was headed for another year like 2022, we would start to see consumer staples, utilities and healthcare outperform. While that is still possible at some point this year, it is not happening now.

Sector Snapshot	3/31/23
Sector	YTD Return
Technology	21.62%
Comm. Services	21.12%
Consumer Cyclical	16.13%
Materials	4.28%
Industrials	3.44%
Real Estate	1.93%
Consumer Defensive	0.69%
Utilities	-3.28%
Energy	-4.34%
Health Care	-4.34%
Financials	-5.53%

Source: YCharts

As always, don't hesitate to reach out to our team with any questions you may have.

Regards,

Mark McEvily

Chief Investment Officer

Forward-looking statements are not guarantees of future performance and involve certain risks and uncertainties, which are difficult to predict. Past performance is not indicative of future results.

Join us for a LIVE and Interactive Market Update

Mark McEvily and Matthew Jessup will be hosting a webinar for JWM clients the evening of April 25th. During this webinar, you will receive a brief market update. The conversation will then be opened up for Q&A. We will provide answers to any questions you may have regarding various topics we have discussed in the recent market updates and current events/news happening in our world today.

Important details to note:

- REGISTRATION is REQUIRED. Please pre-register now to secure your spot. (Link to register below)

Registration:

When: **Tuesday, April 25, 2023, 05:30 PM** Eastern Time (US and Canada)

Register in advance for this meeting:

https://events.teams.microsoft.com/event/1fdf0730-09e2-4e41-8cbe-502fdc30ba48@3f5d403d-ccae-48a1-8212-f5d4349c6cc7

After registering, you will receive a confirmation email containing information and links necessary to joining the meeting when the time comes. Keep this email somewhere safe so that you can easily reference it.

We look forward to speaking with you soon!

Our weekly Podcast covers investor questions! We would encourage you to subscribe!

“The Independent Advisors” podcast produced by Mark McEvily, Matt Jessup and Jenna Rittenhouse focuses on investing and financial planning. You will hear tips, tricks and strategies to address your financial well-being and most importantly, conveyed in a way that everyone can understand.

The podcast is available through Apple Podcasts (iTunes), Amazon Music (just ask Alexa to "play the Independent Advisors podcast"), Spotify, Breaker, Stitcher, IHeartRadio & YouTube. There is a tab on our website (www.jessupwealthmanagement.com) dedicated to the podcast where you will be able to find links to every episode. You can also subscribe by email at www.blubrry.com/the_independent_advisors/

We are taking listener questions! Email, inquiries@jessupwealthmanagement.com, for anything you want us to explain, debate or highlight in our weekly podcasts!

Special Holiday Hours

- Our office will be closing early on Thursday, April 6th. We will be in the office from 9:00 am to 12:00 pm. From 12:00 pm to 4:00 pm, you can reach us remotely via our office phone.

- Our office will be closed Friday, April 7th, in observance of Good Friday

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Our growth allows us to advise more clients!

We have added amazing new hires to the team and are even increasing our physical office footprint! This growth equips JWM with all the tools to allow us to advise more clients, while maintaining the premium quality of service we pride ourselves on! We would greatly appreciate your client referrals. Let us care for those you care about!

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