



November Market Update

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Market Update

Stocks rallied in October to begin the "seasonally strong" fourth quarter. Below are the October returns for popular benchmarks that investors track (Data provided by Y-Charts & Commonwealth Financial Network):

- S&P 500 Index: +8.0%
- Dow Jones Industrial Average: +14.0%
- Nasdaq Composite Index: +3.9%
- Russell 2000 Index: +11.2%
- S&P Target Risk Moderate Index: +1.94%

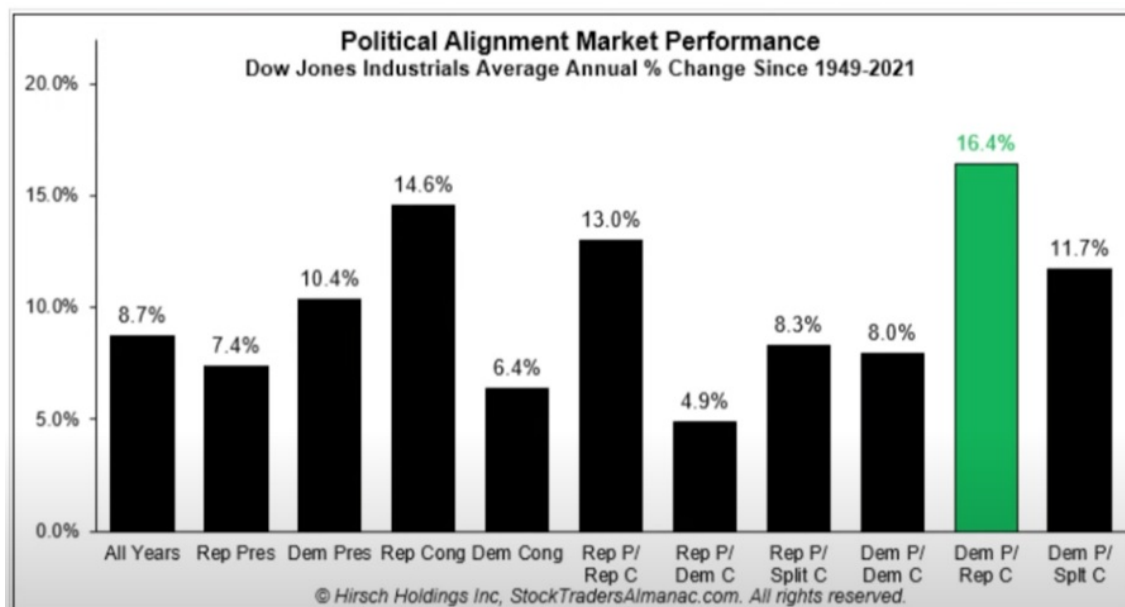
After a tough August and September, stock indices fared relatively well in October. However, bond prices continued to fall, with yields continuing their meteoric rise. As you can see in the graphic below, 30-year US Treasury Yields look like a meme stock from 2020. At some point, there will be a reversion to the mean. Nevertheless, we have to be open to the fact that it might not be in the next few months.

There has been plenty of chatter recently that the Fed is getting closer to "pivoting" its strategy for battling inflation. In our opinion, this would be a massive tailwind for stocks and bonds. It is important to note that we do not make portfolio adjustments based on possibilities. This is something we will be watching between now and year-end.

CBOE Treasury Yield 30 Years Index Level



The next big event on the calendar is the mid-term elections across the country on Tuesday, November 8th. Media noise will surely ramp up, and it is possible that we will see volatility in the stock market between now and next Tuesday. As of now, odds are favoring that the republicans will have control of both the Senate and the House of Representatives. A lot can change before next week, but the market will love it if that is the outcome, based on history.

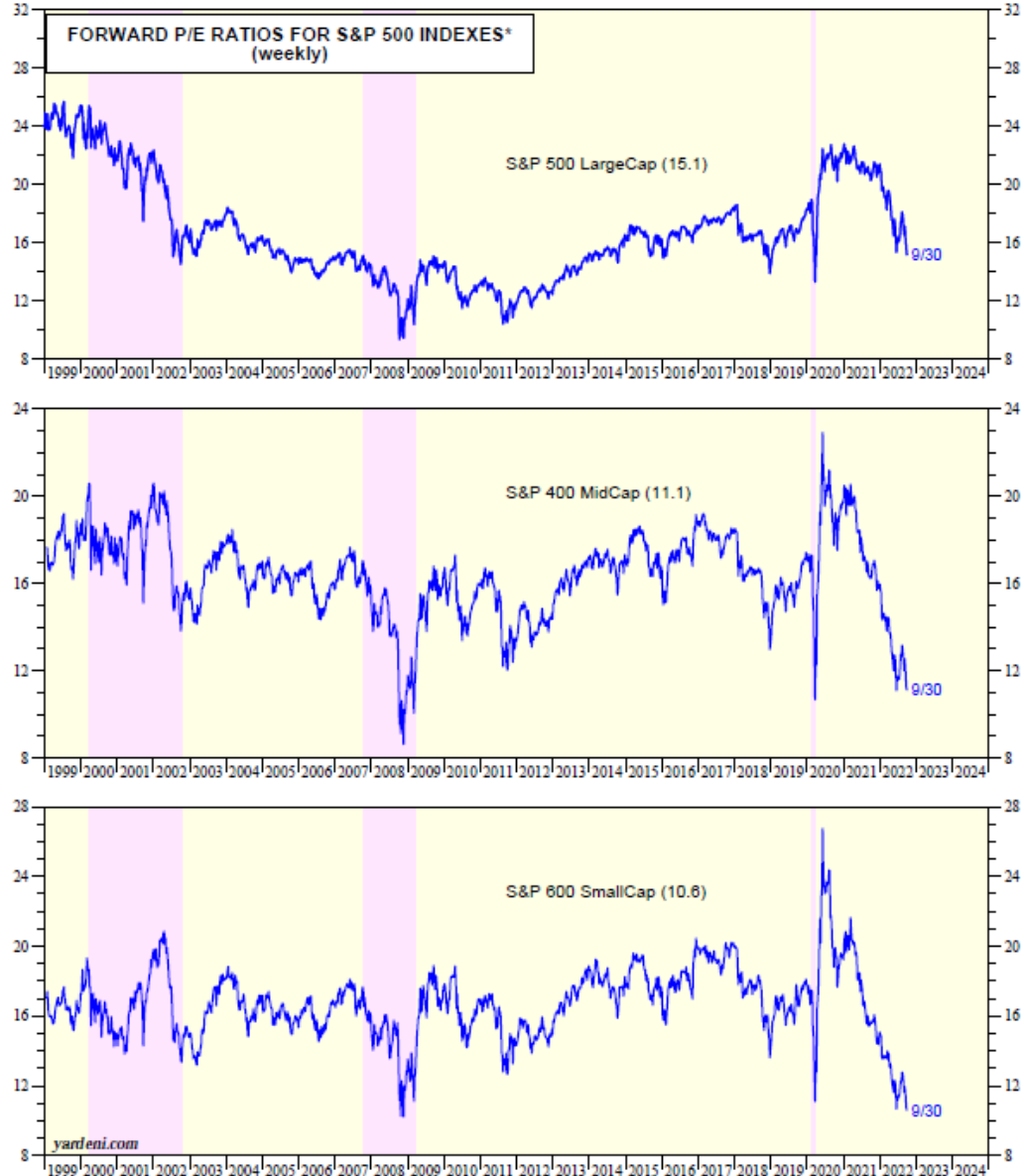


As we have discussed throughout the year, 12-month returns following mid-term elections have been stronger than average going back to 1950.



Looking Forward

Stock market forward P/E Ratios (popular valuation metric) have come down significantly from their peak in 2020. We believe this is a tailwind for stocks since valuations have been higher than average for quite some time. Lower valuations tend to increase future stock returns over the long term.



* Weekly stock price index divided by 52-week forward consensus expected operating earnings per share
 Note: Shaded red areas are S&P 500 bear market declines of 20% or more. Yellow areas show bull markets.
 Source: IB/E/S data by Refinitiv and Standard & Poor's.

Another interesting data point to note is that the Russell 2000 Index (small-cap stocks) is one of the few indices that did not fall below its low, made in June of this year. Based on their higher historical volatility and risk, small-cap stocks typically lead the market in both directions. If riskier asset classes are not making new lows along with the general market, we want to pay attention to that. The most recent example of small caps leading the market higher after a recession, was in 2020.

12 months post-recession, small caps have also outperformed large caps 6 out of the last 6 times (Source: Strategas). We do not believe that this time will be any different.

- Russell 2000 Level % Change
- S&P 500 Level % Change
- Nasdaq Composite Level % Change



Our market outlook has not changed. We are extremely optimistic looking out over the next several years. We do not feel this is the time to make drastic portfolio changes based on short-term market developments.

As always, don't hesitate to get in touch with 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 on Zoom

Mark McEvily (CIO) and Matt Jessup (CEO) will be hosting a zoom video conference for JWM clients and prospects the evening of November 14th. During this meeting, 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:

- The maximum capacity of this zoom meeting is 100 participants.
- **REGISTRATION is REQUIRED.** Please pre-register now to secure your spot. (Link to register below)
- To stay organized and efficient, all participants will be automatically muted upon entry. During the Q&A we will walk you through how to unmute your microphone and ask your question(s) out loud.

Registration:

When: **Monday, November 14, 2022 05:30 PM** Eastern Time (US and Canada)

Register in advance for this meeting:

https://us02web.zoom.us/meeting/register/tZcvdeGuqDssE9yXZAdNI6zmM1i3V6oL_cPg

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.

**Our weekly Podcast covers investor questions!
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“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.blubry.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!

**Dayton Art Institute tickets are up
for grabs!**

Tickets cover admission to DAI's Collection



and Special Exhibitions, courtesy of Jessup Wealth Management! Tickets are first-come, first-serve. 2 tickets per household. Please reply to this newsletter or email jenna@jessupwealthmanagement.com to secure your tickets!



Special Holiday Hours

- Our office will be closing early on Wednesday, Nov 23rd. 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 Thursday, November 24th, and Friday, November 25th, for the Thanksgiving holiday.

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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Advisory services offered through Commonwealth Financial Network®, a Registered Investment Advisor.

