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Market Update

Stocks bounced back during July after a rough month in July. Below are the July returns for popular benchmarks that investors track (Data provided by Y-Charts & Commonwealth Financial Network):

- S&P 500 Index: **+9.1%**
- Dow Jones Industrial Average: **+6.7%**
- Nasdaq Composite Index: **+12.3%**
- Russell 2000 Index: **+10.6%**
- S&P Target Moderate Risk Index: **+4.34%**

Last week, we received confirmation that the US economy has had two consecutive quarters of negative GDP growth, throwing us into a "formal" recession. As crazy as it sounds, we believe this will be a tailwind for the markets going forward. Everyone has been waiting for this recession to hit; we would rather deal with it now and get it out of the way.

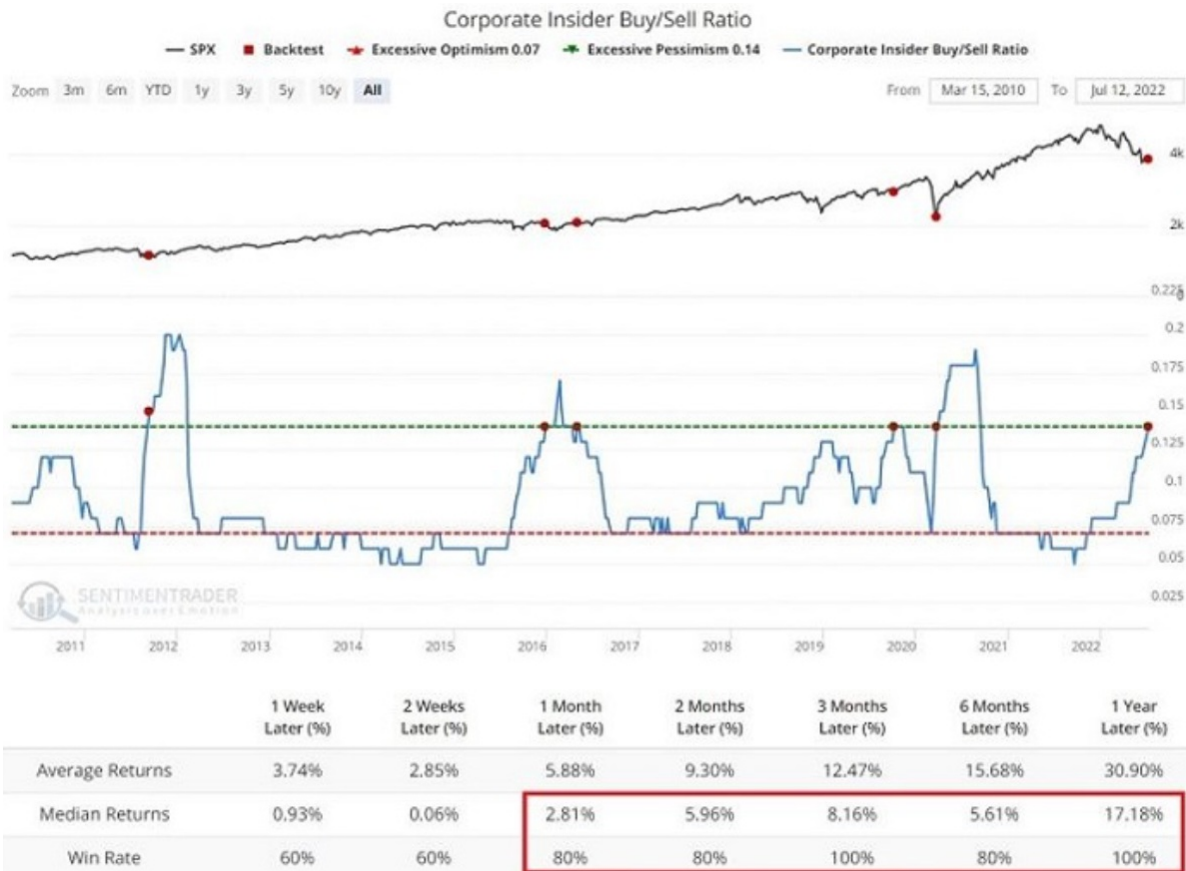
Q2 2022 earnings season is underway, and there was a flurry of reports last week. For the most part, earnings reports have exceeded expectations, and stocks reacted positively to that news last week. As always, there were a few black eyes (i.e. Walmart) whose reports outlined that US consumers have pulled back spending due to higher inflationary pressures. We think the market has been pricing in this information for the past several months and that most of the damage has been done in the equity markets this year.

During a busy final week of July, the Federal Reserve hiked interest rates by .75% to combat inflation. Interest rates are now at a benchmark rate of 2.25%-2.50%. This is the highest interest rates have been since December of 2018. Federal Reserve Chairman, Jerome Powell, acknowledged that at some point in the not-so-distant future, the Federal Reserve will have to start slowing its rate hike campaign. Stocks reacted positively to this news (especially technology stocks, which have been beaten down for the majority of this year).

Below is an interesting data point I would like to share that aids to our bullish thesis for the rest of the year:

Corporate Insider Buy/Sell Ratio: This ratio tracks the rate of buying and selling of people who have insider information on publicly traded companies (i.e., C-Suite

Executives, Board of Directors). Insiders sell stocks at any time for several different reasons. However, they only buy stocks for one reason. And that is to make money. As you can see in the chart below, corporate insiders have a pretty decent track record.



Our bullish long-term investment thesis has not changed. We believe there will be more tailwinds than headwinds for the market within the next 1-2 years.

One area of concern for investors right now is China. Chinese Citizens have shown signs of revolt over their country's banking and finance system. The Chinese have also begun military exercises near the Taiwan strait, which is concerning. We will be monitoring both situations as the next few weeks and months unfold.

As always, please 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 LIVE for an interactive Market Recap hosted by JWM Advisors on Zoom! - Registration Required

On Tuesday, August 2nd at 5:30 pm EST, Mark McEvily and Matthew Jessup will be hosting a Zoom video conference for all email subscribers. Our hope is to use Zoom's platform to communicate in real-time with everyone simultaneously. During this meeting, you will receive a brief market update. The conversation will then be opened up for Q&A. We will answer 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:

Register in advance for this meeting on August 2, 2022 05:30 PM EST with this link:

<https://us02web.zoom.us/meeting/register/tZcqfuChqjwoHNxpKdjOkWyjJtCr1MwW6cYn>

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.

Privacy:

To maintain your personal privacy and join our zoom anonymously, please follow the instructions provided:

[How to Join a Zoom Meeting Anonymously - All Things How](#)

Password:

If Zoom prompts you to enter a password, before entering the meeting, input the following: **JWM**

We look forward to speaking with you soon!

The Jessup Wealth Management Team

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

MARK MCEVILY

MATTHEW JESSUP



THE INDEPENDENT ADVISORS

OUR WORLD OF FINANCIAL MARKETS &
FINANCIAL PLANNING

EST. 2019

“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!

Financial Planning Topic of the Month

By: Taylor Ledbetter

The Economic Cycle

An economic cycle refers to the economy's fluctuations between periods of expansion (growth) and contraction (recession). Different factors help determine the current stage of the economic cycle. These factors include gross domestic product (GDP), interest rates, total employment, and consumer spending.

The economic cycle is characterized by four stages. These four stages are:

- **Expansion:** During expansion, the economy experiences strong growth, interest rates tend to be low, production increases, and inflationary pressures build.
- **Peak:** The peak of a cycle is reached when growth hits its maximum rate. It is usually characterized by higher inflation that needs to be corrected.
- **Contraction:** A correction occurs through a period of contraction when growth

slows, employment falls, and prices stagnate.

- **Trough:** The cycle's trough is reached when the economy hits a low point and growth begins to recover.

The National Bureau of Economic Research (NBER) is the source of setting official dates for U.S. economic cycles. This is measured primarily by changes in the gross domestic product (GDP). GDP is the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period.

During times of expansion, the economy experiences growth over two or more consecutive quarters. As a result, interest rates are typically lower, employment rates rise, and consumer confidence strengthens. Sectors of the market that generally do best are technology and capital goods.

The peak phase occurs when the economy reaches its maximum productive output, signaling the end of the expansion. After this point, once employment and housing numbers begin to decline, a contractionary phase begins. During a contraction phase, market sectors that generally do best are financials, healthcare, and utilities.

The lowest point in the business cycle is a trough, characterized by higher unemployment, lower availability of credit, and falling prices.

It's essential to understand how these cycles work and the potential risks they carry because they impact investment performance. It is beneficial to reduce exposure to specific market sectors when the economy starts to contract and vice versa.

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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