

Monday, May 23, 2022

Good afternoon:

Stocks remained under pressure last week as fears persisted that aggressive Fed action would trigger a recession in the coming months. Despite 10-year U.S. Treasury yields moderating from their recent high of 3.17% down to below 2.79% last week, inflationary concerns on the economy resulted in another losing week, deepening the correction in all domestic equity averages. Friday's wild trading was particularly volatile with stocks staging a late afternoon rally to recover all of its larger losses from earlier in the day. In spite of that, the week's declines were S&P -3.00%, Dow Jones -2.78%, and NASDAQ -3.77%. However, foreign markets posted gains of 1.53% on the MSCI EAFE (Europe, Asia, Far East Index), 3.13% on the MSCI EM (Emerging Markets Index).

Sentiment remains quite negative, despite the realization that stocks have become very oversold and are now trading at much more reasonable valuation levels. After eight straight weeks of losses for the Dow, and seven for the S&P 500 and NASDAQ, nearly every sector of the markets is either in deep correction or bear market territory. Even previously resilient consumer staples stocks were hit hard last week, signaling to some a necessary event in a market capitulation and bottoming process. The current climate of great economic uncertainty and high anxiety will likely remain in place for the foreseeable future and continue to spawn increased volatility in *both* directions.

This morning's strong market rebound of 1½ to 2½% in the major averages is an example of the continued volatility, but *may* also indicate that the market established a "tradable bottom" for the near term. Of course, longer-term investors like the vast majority of our clients should *not* be focused on short-term trading indicators, but rather the long-term performance of the specific asset classes and vehicles they are using to achieve their longer-term financial objectives. Equities have delivered the highest historical returns *even through* all

of their previous pullbacks and periods of heightened volatility. Astute investors and professional money managers use occasional declines to harvest tax losses, rebalance their portfolios, and reposition capital to acquire new positions at more favorable prices.



In the strategies we manage, we have made a number of such changes in an effort to accomplish these objectives and be well-positioned for the market recovery to come. We understand that volatility is never comfortable, and this latest round is no exception. Panicked headlines may have investors feeling apprehensive, wondering if they should get out of the market. Such was also the case when the pandemic hit and the market dropped sharply in March of 2020. Since the market tries to price in, well in advance, as much potential bad news as it can, it often overshoots.

This has been the worst start to a year for the S&P 500 in the last 25 years. However, in our 35 years of experience, we've seen corrections like this happen time and again. Market pullbacks are necessary to sustain a healthy market which, over time, has experienced significant positive growth. We are here to provide you not only with insight, but with advice on how we can help navigate through the markets' movements. We are watching the markets closely and will reach out should anything require immediate action. In the meantime, please feel free to get in touch if you'd like additional perspective or guidance.

As always, we thank you for the trust you place in us to help you achieve your financial goals.

Have a great week!

Mark and Jeff

Mark S. Loftus, CFP®

Managing Partner & Founder, LPWP
Registered Principal, RJFS

Jeffrey C. Preusser, CFP®

Senior Partner, LPWP
Registered Principal, RJFS

O: 630.566.9200 // T: 844.890.8750 // F: 630.566.9292
1901 Butterfield Road, Suite 100, Downers Grove, IL 60515
www.loftus-preusser.com



Loftus & Preusser Wealth Partners is not a registered broker/dealer and is independent of Raymond James Financial Services. Securities offered through Raymond James Financial Services, Inc., Member FINRA/SIPC. Investment advisory services offered through Raymond James Financial Services Advisors, Inc.

Raymond James Financial Services does not accept orders and/or instructions regarding your account by e-mail, voice mail, fax or any alternate method. Transactional details do not supersede normal trade confirmations or statements. E-mail sent through the Internet is not secure or confidential. Raymond James Financial Services reserves the right to monitor all email.

Any information provided in this e-mail has been prepared from sources believed to be reliable, but is not guaranteed by Raymond James Financial Services and is not a complete summary or statement of all available data necessary for making an investment decision. Any information provided is for informational purposes only and does not constitute a recommendation. Raymond James Financial Services and its employees may own options, rights or warrants to purchase any of the securities mentioned in e-mail. This e-mail is intended only for the person or entity to which it is addressed and may contain confidential and/or privileged material. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is prohibited. If you received this message in error, please contact the sender immediately and delete the material from your computer.

DISCLAIMER:

If you no longer want to receive this Monday Outlook email, simply reply to this email with "REMOVE" or "OPT OUT" in the subject line and we will remove you from our email list.

Opinions expressed in this email are those of the author and are not necessarily those of Raymond James. The information contained in this report does not purport to be a complete description of the securities, markets, or developments referred to in this material nor is it a recommendation.

The information has been obtained from sources considered to be reliable, but we do not guarantee that the foregoing material is accurate or complete.

All investments are subject to risk regardless of strategy selected. Individual investor's results will vary. Past performance does not guarantee future results. Forward looking data is subject to change at any time and there is no assurance that projections will be realized. Diversification and strategic asset allocation do not ensure a profit or protect against a loss.

The Dow Jones Industrial Average (DJIA), commonly known as "The Dow" is an index representing 30 stocks of companies maintained and reviewed by the editors of the Wall Street Journal.

S&P 500 Index is an unmanaged, market value-weighted index of 500 stocks generally representative of the broad stock market. An investment cannot be made directly in a market index.

The NASDAQ Composite Index is a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market and Capital Market.

The Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represent approximately 8% of the total market capitalization of the Russell 3000 Index.

Investing in small cap stocks generally involves greater risks, and therefore, may not be appropriate for every investor.

The companies engaged in the communications and technology industries are subject to fierce competition and their products and services may be subject to rapid obsolescence.

International investing involves special risks, including currency fluctuations, differing financial accounting standards, and possible political and economic volatility.

Investing in emerging markets can be riskier than investing in well-established foreign markets. Investing involves risk and investors may incur a profit or a loss.

Diversification does not ensure a profit or guarantee against a loss. Sector investments are companies engaged in business related to a specific sector. They are subject to fierce competition and their products and services may be subject to rapid obsolescence. There are additional risks associated with investing in an individual sector, including limited diversification.

Market return and statistical data obtained from: https://am.jpmorgan.com/blob-gim/1383452890099/83456/weekly_market_recap.pdf?segment=AMERICAS_US_ADV&locale=en_US

Links are being provided for information purposes only. Raymond James is not affiliated with and does not endorse, authorize or sponsor any of the listed websites or their respective sponsors. Raymond James is not responsible for the content of any website or the collection or use of information regarding any website's users and/or members.

Keep in mind that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will affect actual investment performance. Individual investor's results will vary.

In the event that you no longer wish to receive these commercial emails please reply to this email and in the body of the email request that we remove you from our email list. The information contained within this commercial email has been obtained from sources considered reliable, but we do not guarantee the foregoing material is accurate or complete.

Raymond James and its advisors do not offer tax or legal advice. You should discuss any tax or legal matters with the appropriate professional.

