



May 2022 Market Review

The churn of now-familiar currents produced a market seemingly driven by headlines as the S&P 500 closed more than 1% up or down 10 times on the news of the day. At different moments, inflation and the Federal Reserve's response to it, China and COVID-19, rising food and energy prices, and the Russia-Ukraine war provided varying guidance to a market eager for direction.

At the end of May, however, the equity markets rallied, pulling the S&P 500 from a bear-like slump to close down 0.56% for the month.

That rally could signal investors' emerging hope that the Fed can engineer a soft landing with its inflation-fighting plan: raising interest rates without quashing the potential for growth. Still, expect inflation to be the dominant concern as we continue into the summer. In May, home prices rose to record highs, gasoline prices remained elevated and durable goods prices increased for the sixth time in seven months. Consumer sentiment is at the lowest level since 2011.

There is good news. For the first time since last June, next-year inflation expectations are lower. Similarly, both housing and the price of durable goods are starting to plateau. "Other good news is that bonds started to behave the way they should, providing an offset to equity risk," Raymond James Chief Investment Officer Larry Adam said.

Bond volatility remained elevated in May with the ten-year Treasury trading in an intra-month range of 2.72% to 3.21%. However, concerns about economic growth caused yields across the maturity spectrum to fall, with 2-year and 10-year yields declining to 2.55% and 2.86% respectively. Compare that to May 2021, when the yield on the ten-year Treasury was only 1.58%. The rally in ten-year Treasuries in May marks the first positive month of performance since November 2021.

Let's take a look at the numbers since Jan. 1

	12/31/21 Close	5/31/22 Close*	Change Year to Date	% Gain/Loss Year to Date
DJIA	36,338.30	32,990.12	-3,348.18	-9.21
NASDAQ	15,644.97	12,081.39	-3,563.58	-22.78
S&P 500	4,766.18	4,132.15	-634.03	-13.30
MSCI EAFE	2,336.07	2,063.20	-272.87	-11.68
Russell 2000	2,245.31	1,864.04	-381.27	-16.98
Bloomberg Aggregate Bond	2,355.14	2,155.71	-199.43	-8.47

*Performance reflects index values as of market close on May 31, 2022. Bloomberg Aggregate Bond reflects May 27 closing values. MSCI EAFE reflects May 30 closing values.



Wealth Partners Alliance

EST. MMXIX

Here are some key topics to keep an eye on:

Eyes on inflation

By Tuesday's close, six of the S&P 500's eleven sectors were positive for the month with energy, materials and utilities the top performers.

Expect investors to remain hypersensitive to inflation and its power to create a wide range of potential outcomes over the coming months, including the Fed's response to it. Inflation numbers can also provide guidance on whether we've seen the low point in the market's downward trend. In the meantime, short-term bounces in a weak market can provide information about the strength of individual stocks, giving insight for positioning for a strong market in the future.

Conducting talks in Washington

Congressional negotiations over an economic competition bill that could create a framework for further economic and commercial restrictions targeting China kicked off in May. Among its provisions, the bill would provide domestic semiconductor funding and boost domestic research and development. A final bill could be presented before the August congressional recess.

Russia remains oil market focus

The Russia-Ukraine war remains the top source of concern for the global oil market. The European Union has not finalized its proposed embargo against Russian oil, but even without that, shipping data indicates that Russia's exports are down 1.5 to 2 million barrels per day – 1.5% to 2% of global supply – since the start of the war. This reflects a combination of difficulties in securing tanker capacity and exits from the market by international energy companies.

The bottom line

May was a complex month in a complex year. For now, expect the volatility to continue and for the markets to continue their search for a surer way forward.

Weak markets are challenging for any investor, but doubly so for those who take too big a bite from exciting trends at the cost of more pragmatic approaches. Times like these are why we are proud to focus on topics like risk, time horizons, suitability and portfolio diversity, as well as financial strategies developed to support your long-term goals.

Thank you for your continued confidence as we navigate the world and its markets together. If you have a question, would like to discuss what's going on or just want to check in, please reach out at your convenience.

Sincerely,

Wealth Partners Alliance

12240 Inwood Road, Suite 200 Dallas, Texas 75244 | 972.331.1300

www.wealthpartnersalliance.com



Wealth Partners Alliance

EST. MMXIX

Investing involves risk, and investors may incur a profit or a loss. All expressions of opinion reflect the judgment of the authors and are subject to change. There is no assurance the trends mentioned will continue or that the forecasts discussed will be realized. Past performance may not be indicative of future results. Economic and market conditions are subject to change. The Dow Jones Industrial Average is an unmanaged index of 30 widely held stocks. The NASDAQ Composite Index is an unmanaged index of all common stocks listed on the NASDAQ National Stock Market. The S&P 500 is an unmanaged index of 500 widely held stocks. The MSCI EAFE (Europe, Australia, Far East) index is an unmanaged index that is generally considered representative of the international stock market. The Russell 2000 is an unmanaged index of small-cap securities. The Bloomberg US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. An investment cannot be made in these indexes. The performance mentioned does not include fees and charges, which would reduce an investor's returns. Small-cap securities generally involve greater risks. Investing in the energy sector involves special risks, including the potential adverse effects of state and federal regulation, and may not be suitable for all investors. Every investor's situation is unique and you should consider your investment goals, risk tolerance and time horizon before making any investment. Investing involves risk and you may incur a profit or loss regardless of strategy selected. Diversification does not guarantee a profit nor protect against loss. The forgoing is not a recommendation to buy or sell any individual security or any combination of securities. Be sure to contact a qualified professional regarding your particular situation before making any investment or withdrawal decision.

Material prepared by Raymond James for use by its advisors.

12240 Inwood Road, Suite 200 Dallas, Texas 75244 | 972.331.1300
www.wealthpartnersalliance.com

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