Market Summary: 2nd Quarter 2022

Another brutal quarter and historic first half. The confluence of rising inflation to historic highs, rapidly rising interest rates, continued supply chain bottlenecks, slowing economic growth, and the reality of a prolonged Russia-Ukraine conflict accelerated the decline in all markets during the quarter. Combined with the first quarter performance, this marks the worst six month drop ever for the NASDAQ and the biggest drop for the S&P and DOW in 50 and 60 years respectively. Simultaneously, in a rare occurrence, the Bond market offered no protection either, with all sectors falling sharply and marking it as the worst performance in 49 years. The only bright spot was in commodities, with the index rising over +18% as prices rose dramatically in grains, metals and energy. Though the markets have now embraced the reality of a recession, the uncertainty of how long and deep of a recession, as well as its impact on corporate earnings and inflations is yet to be discovered.

Index Returns:	QTD	YTD		QTD	YTD		QTD	YTD
US Blend Equity	-16.8%	-21.3%	U.S. Growth	-22.4%	-29.2%	U.S. Short Bond	-1.1%	-4.5%
Foreign Developed	-13.1%	-19.0%	U.S. Value	-12.0%	-20.2%	Intermediate Corp Bond	-5.9%	-11.8%
Emerging Equity	-10.4%	-17.2%	Small Blend	-17.3%	-23.5%	High Yield Bond	-9.5%	-13.8%

Market Outlook: Volatility, nflation, Potential New Lows: The investing environment will likely continue to e exceptionally volatile for the remainder of the year as the market contends with aggressive Fed tightening and sticky inflation in the face of slowing growth. Ultimately, the key for stocks is the direction of earnings. With the economy likely tipping into a recession, corporate earnings should decline. If actual earnings do fall, new lows in stock prices are likely. Separately, inflation is likely to remain stu ornly high ecause oth demand and supply dynamics are still very much out of alance. Though the Fed can influence the demand side through interest rate adjustments, it has no control over the supply side issues, thus inflation will likely stay higher for longer. Historically, interest rates need to rise to at least as high or higher than the rate of inflation to ring it under control. With inflation currently at 8.6% (CPI) and US 10 year Treasury rates at only 2.8%, interest rates still need to move significantly higher. In sum, oth the stock and ond markets will likely have another Quarter or two of challenging road ahead.