

August 4, 2022

Good Morning,

After a couple down days to start this week, stocks rose sharply yesterday to continue the summer rally. The S&P 500 gained 9.2% in July but remains down 12.6% YTD. July's performance was the stock index's best monthly result since November 2020. We anticipate that some of these strong gains will be given back in the coming weeks, but that we likely saw the market bottom in mid-June. While the Q2 corporate earnings were decent, forward guidance from companies was less upbeat as concerns about inflation cloud expectations. Tomorrow we get the all-important employment report for July – always a potentially impactful data point.

S&P 500 Energy Sector is up more than 40% this year, far and away the best performing sector of the economy. However, gas prices are coming down as demand is tempered and supply is coming back online. In March 2020, when President Trump declared a national emergency due to COVID-19, the number of active oil and natural gas drilling rigs in the US was 792. That number fell to a pandemic-low of 244 operating rigs just 5 months later in August 2020 as oil prices collapsed. As of July 2022, the number has rebounded to 758 rigs. This is good news on the inflation fighting front as lower fuel prices can have a positive impact on reducing overall consumer goods prices.

Don't look now, but those Cincinnati Reds are on a run and have moved out of the basement of the National League Central division! Ok, they still stink, but they've caught up with the Cubs and the Pirates. Bragging rights are important to fragile sports egos – like mine. Have a great week and Go Reds!

Please visit our website at www.canfg.com or the link below for the last Market Update from Commonwealth Financial Network® – the broker/dealer that supports us in helping you manage your financial life.

http://www.commonwealth.com/RepSiteContent/weekly_comm/commentary_redirect.htm

As always, if you would like to discuss this or anything regarding current market conditions or your portfolio, feel free to contact me at any time.

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