

HUGHES | FINANCIAL  
SERVICES, LLC

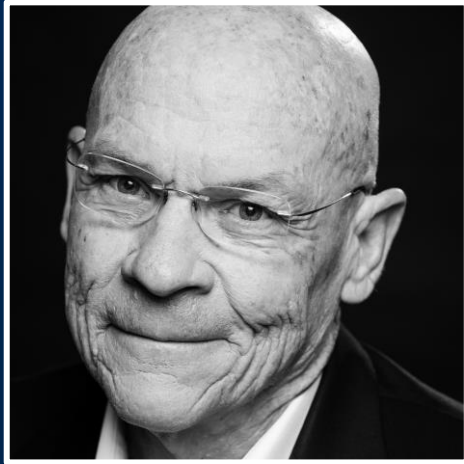




# & HEADWINDS TAILWINDS

An Economic Update

# OUR SPEAKERS



PAUL HUGHES, ChFEBC, CEPA

Managing Partner  
& Financial Advisor



SCOTT HUGHES, CFP®, MBA

Managing Partner  
& Financial Advisor



PATRICK HUGHES, CFP®

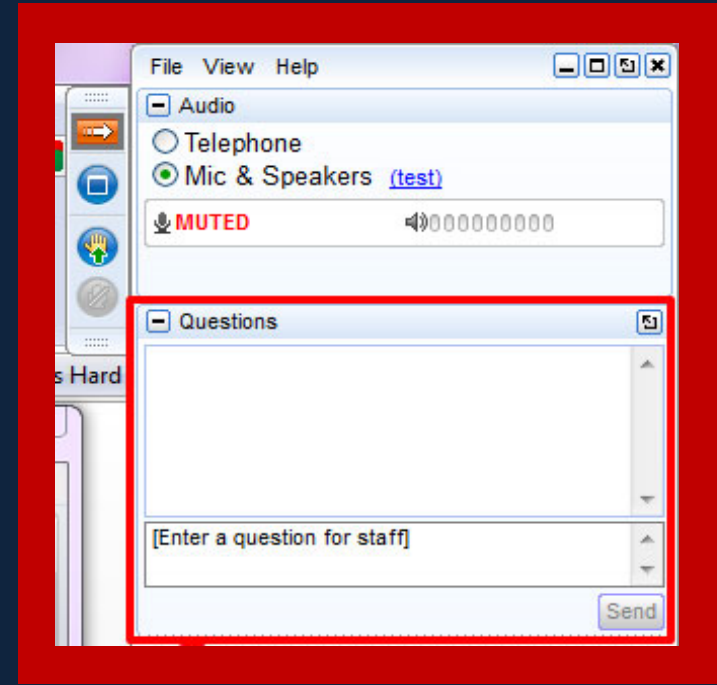
Managing Partner  
& Financial Advisor



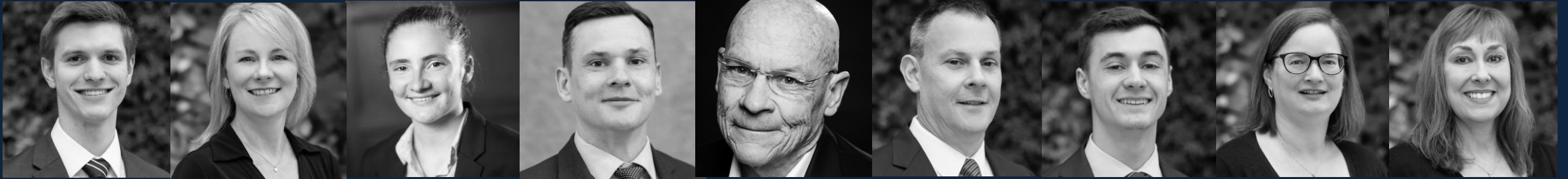
BERKELEY MEREDITH, CFP®, CDFA®

Financial Advisor

# Q&A HAVE QUESTIONS?



# ABOUT HUGHES FINANCIAL SERVICES



Independent  
Registered  
Investment  
Advisor



Comprehensive  
financial planning  
and wealth  
management



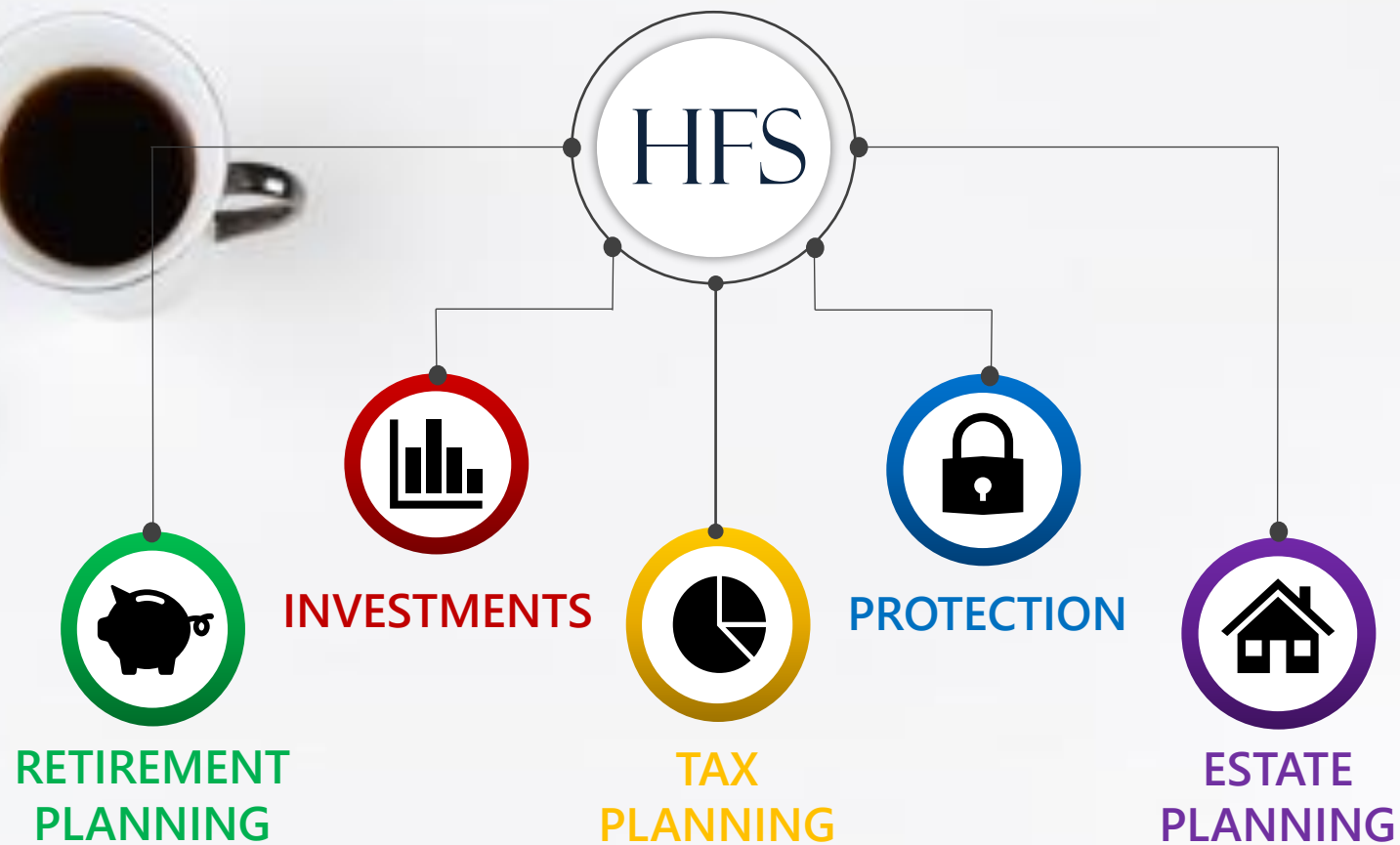
Fiduciary



Professional  
certifications,  
licenses, and  
continuing  
education



Over 100  
years  
combined  
advisor  
experience



# 5 KEY AREAS OF FINANCIAL PLANNING



# 3 Biggest Concerns Moving Forward



**CONTINUED  
INFLATION**



**RISING  
INTEREST RATES**



**GEOPOLITICAL  
RISK**

2022

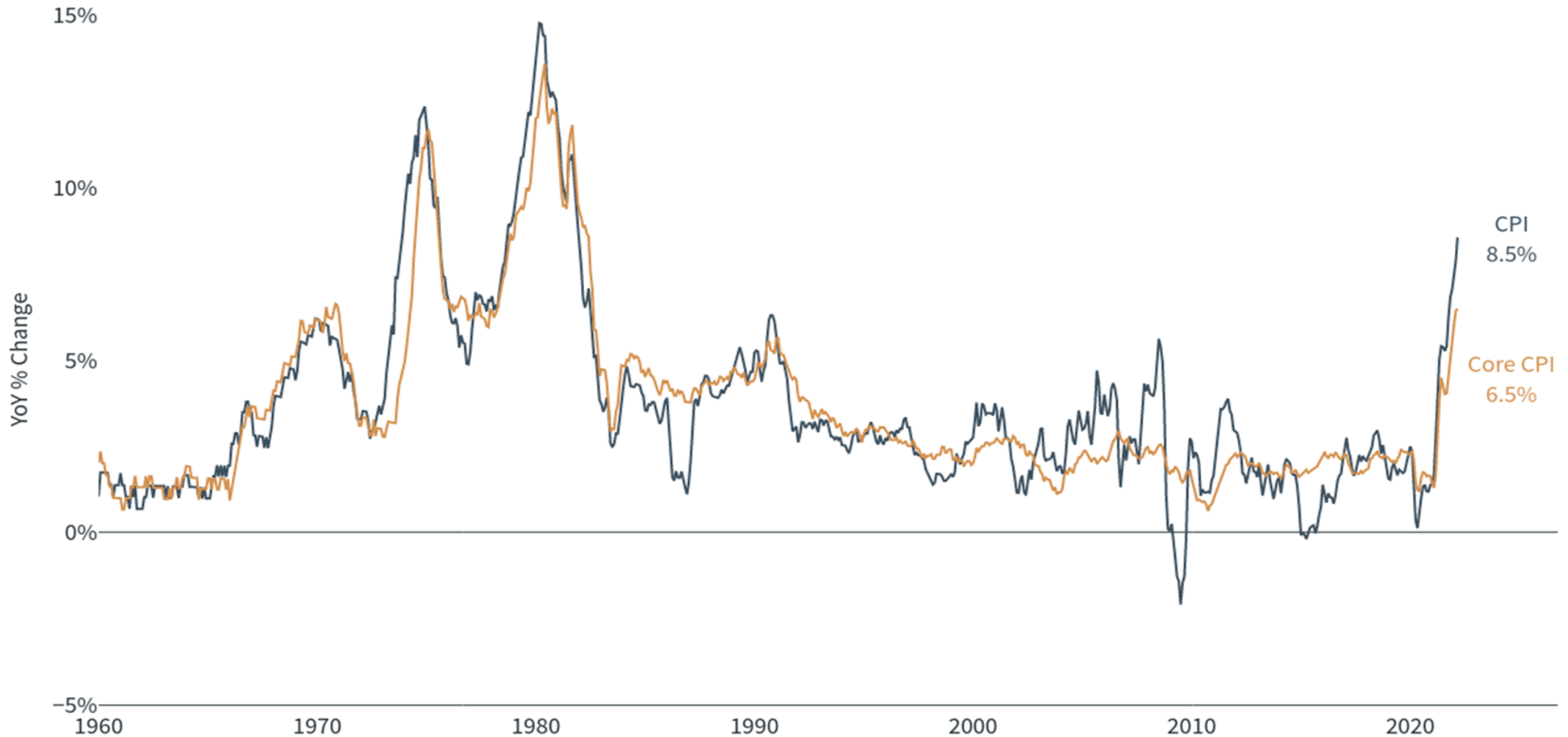


# Rising Inflation Expectations



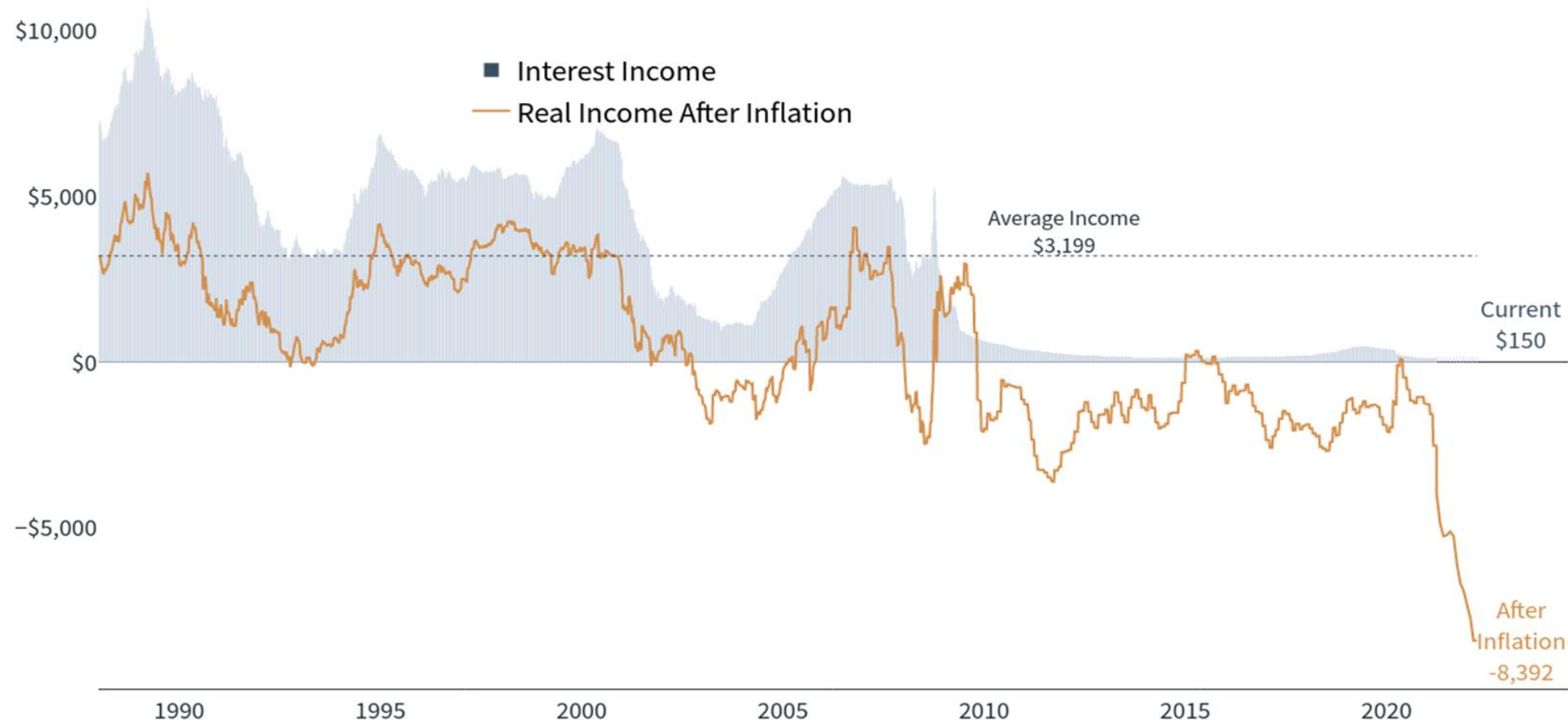
# Consumer Price Index

*CPI and Ex Food and Energy, YoY % Change*



# Interest Income on Cash

*\$100k invested in 6-month CDs against inflation. Actual rates may vary*







**KIRKLAND**  
**TWISTED CHURROS**  
 CHOCOLATE SAUCE  
**1.49**  
 570 cal.



**KIRKLAND**  
**ICE CREAM SUNDAY**  
 VANILLA ICE CREAM  
 CHOCOLATE SAUCE  
**2.49**  
 800-850 cal.



**KIRKLAND**  
**SMOOTHIES**  
 VANILLA  
**1.99**  
 500 cal.



**KIRKLAND Signature**  
**1/4 POUND PLUS ALL BEEF HOT DOG**  
**AND 20 oz. SODA (With Refill)**  
**1.50**  
 580 - 850 cal.



**KIRKLAND**  
**PEPPERONI PIZZA**  
**1.99**  
 800-850 cal.



**KIRKLAND**  
**CHICKEN BAKE**  
 CHICKEN, BEEF, POTATO  
**2.99**  
 840 cal.



**KIRKLAND**  
**20 oz. SODA**  
 WITH REFILL  
**0.42**



2022 & 2023 : Multiple  
increases expected in the  
Fed Funds rate

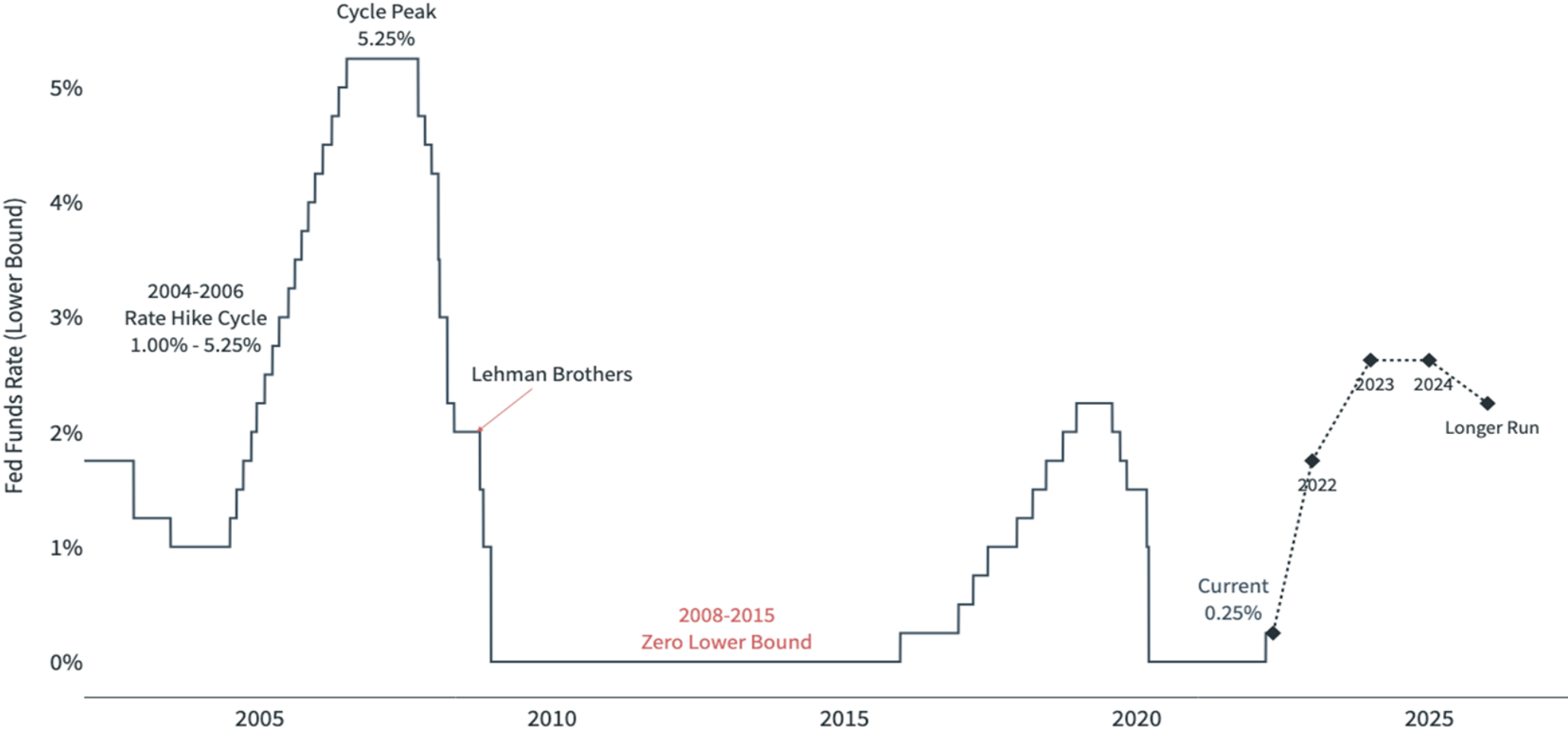




Central Banks

# Federal Funds Rate

Target range lower limit



Source: Federal Reserve / Latest data point: May 2022

Interest Rates

# Mortgage Rates

## 30-Year Fixed Rate Mortgage



# Stocks Usually Take Geopolitical Events in Stride

Market Shock Events	Event Date	S&P 500 Returns		Days	
		One Day	Total Drawdown	Bottom	Recovery
U.S. Pulls Out of Afghanistan	8/30/2021	0.4%	-0.1%	1	3
Iranian General Killed In Airstrike	1/3/2020	-0.7%	-0.7%	1	5
Saudi Aramco Drone Strike	9/14/2019	-0.3%	-4.0%	19	41
North Korea Missile Crisis	7/28/2017	-0.1%	-1.5%	14	36
Bombing of Syria	4/7/2017	-0.1%	-1.2%	7	18
Boston Marathon Bombing	4/15/2013	-2.3%	-3.0%	4	15
London Subway Bombing	7/5/2005	0.9%	0.0%	1	4
Madrid Bombing	3/11/2004	-1.5%	-2.9%	14	20
U.S. Terrorist Attacks	9/11/2001	-4.9%	-11.6%	11	31
Iraq's Invasion of Kuwait	8/2/1990	-1.1%	-16.9%	71	189
Reagan Shooting	3/30/1981	-0.3%	-0.3%	1	2
Yom Kippur War	10/6/1973	0.3%	-0.6%	5	6
Munich Olympics	9/5/1972	-0.3%	-4.3%	42	57
Tet Offensive	1/30/1968	-0.5%	-6.0%	36	65
Six-Day War	6/5/1967	-1.5%	-1.5%	1	2
Gulf of Tonkin Incident	8/2/1964	-0.2%	-2.2%	25	41
Kennedy Assassination	11/22/1963	-2.8%	-2.8%	1	1
Cuban Missile Crisis	10/16/1962	-0.3%	-6.6%	8	18
Suez Crisis	10/29/1956	0.3%	-1.5%	3	4
Hungarian Uprising	10/23/1956	-0.2%	-0.8%	3	4
N. Korean Invades S. Korea	6/25/1950	-5.4%	-12.9%	23	82
Pearl Harbor Attack	12/7/1941	-3.8%	-19.8%	143	307
Average		-1.1%	-4.6%	19.7	43.2



April is the cruellest month.

T. S. Eliot

“ quote fancy



# WSJ





















Dow: -4.9%

S&P 500: -8.8%

NASDAQ: -13.7%

# Long-Term Market Summary

	US Stock Market	International Developed Stocks	Emerging Markets Stocks	Global Real Estate	US Bond Market	Global Bond Market ex US
1 YEAR	STOCKS				BONDS	
	11.92% 	3.04% 	-11.37% 	18.97% 	-4.15% 	-3.56% 
5 YEARS						
	15.4% 	7.14% 	5.98% 	7.10% 	2.14% 	2.25% 
10 YEARS						
	14.28% 	6.25% 	3.36% 	7.48% 	2.24% 	3.20% 

# Stock Market Performance

*S&P 500 Index, recent period*



# 2022 Has Started on a Sour Note

## Stock Market Losses (1928-2021)

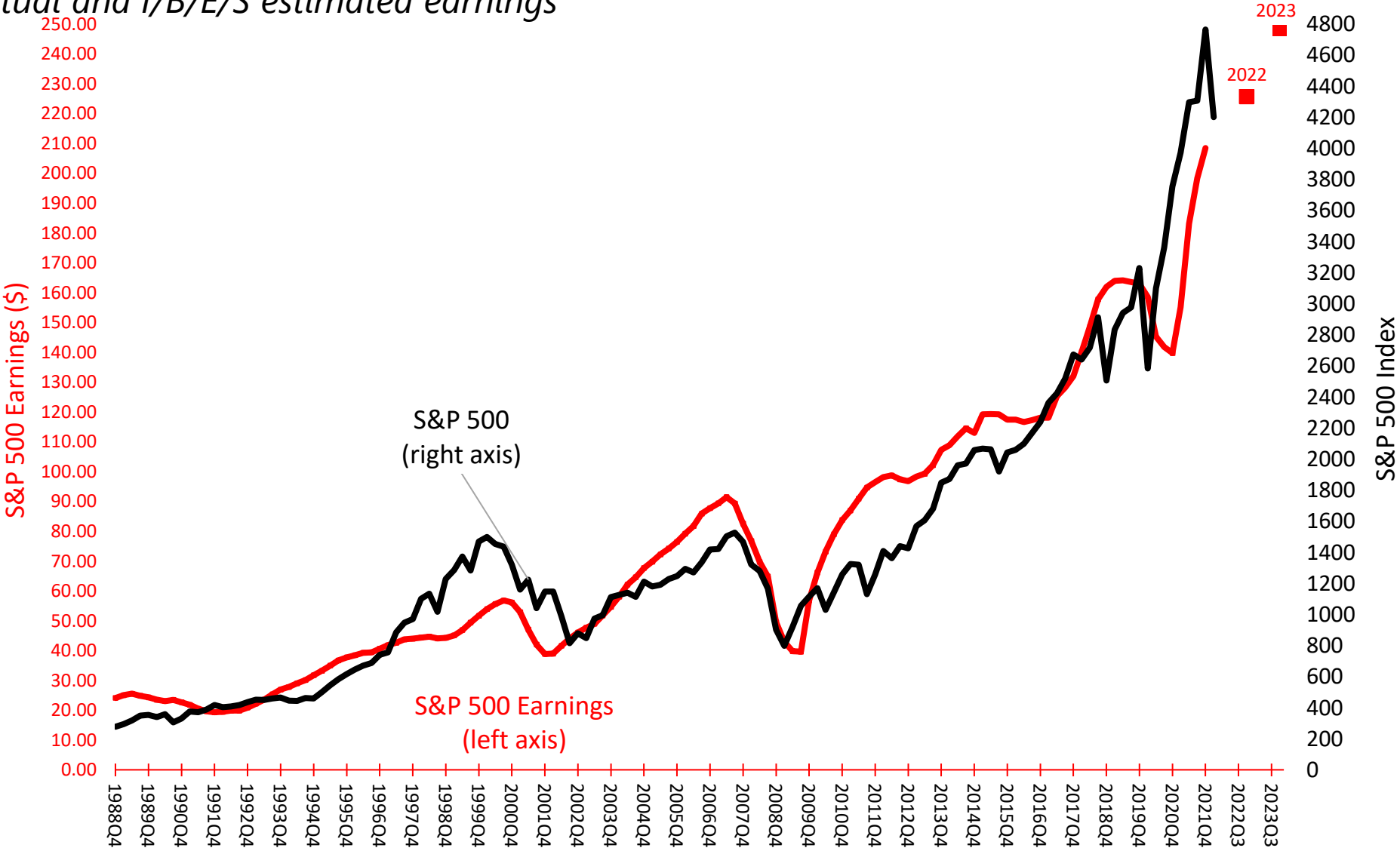
Losses	% of Years
5% or worse	95%
10% or worse	63%
20% or worse	26%
30% or worse	10%
40% or worse	5%

Going back to 1928, the average drawdown in a given year, from peak-to-trough in the U.S. stock market, is -16.3%



# Valuation

*S&P 500 vs actual and I/B/E/S estimated earnings*







A medium shot of Diane Swonk, a woman with short blonde hair, wearing a dark top and a thin necklace. She is looking slightly to her right with a serious expression. The background is a blurred interior with a window showing a grid pattern.

**“ The domestic economy remains remarkably resilient. But this is not a fairytale economy.”**

**DIANE SWONK**  
Grant Thornton

# THE WALL STREET JOURNAL.

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WSJ.com

★★★★ \$5.00

DOW JONES | News Corp. ★★★★★

DJIA 33996.39 ▲ 614.46 1.8%

NASDAQ 12871.53 ▲ 3.1%

STOXX 600 447.07 ▲ 0.6%

10-YR. TREAS. ▼ 12/32, yield 2.862%

OIL \$105.36 ▲ \$3.34

GOLD \$1,888.70 ▲ \$2.90

EURO \$1.0900

YEN 130.82

## U.S. Economy Shrinks 1.4%, But Spending Stays Strong

By SARAH CHANEY CAMBON

The U.S. economy shrank in the first quarter as supply disruptions weighed on output, but underlying strength in consumer and business spending suggested growth will soon resume.

The decline in U.S. gross domestic product at a 1.4% annual rate marked a sharp reversal from a 6.9% annual

growth rate in the fourth quarter, the Commerce Department said Thursday. The first quarter was the weakest since spring 2020, when the Covid-19 pandemic and related shutdowns drove the U.S. economy into a deep—albeit short—recession.

The drop stemmed from a widening trade deficit. Imports to the U.S. surged and exports fell, dynamics reflect-

ing pandemic-related supply-chain constraints. A slower pace of inventory investment by businesses in the first quarter—compared with a rapid buildup of inventories at the end of last year—also pushed growth down.

In addition, fading government stimulus spending related to the pandemic weighed on GDP.

Consumer spending, the

economy's main driver, rose at a 2.7% annual rate in the first quarter, a slight acceleration from the end of last year. Businesses also poured more money into equipment and research and development, triggering a 9.2% rise in business spending.

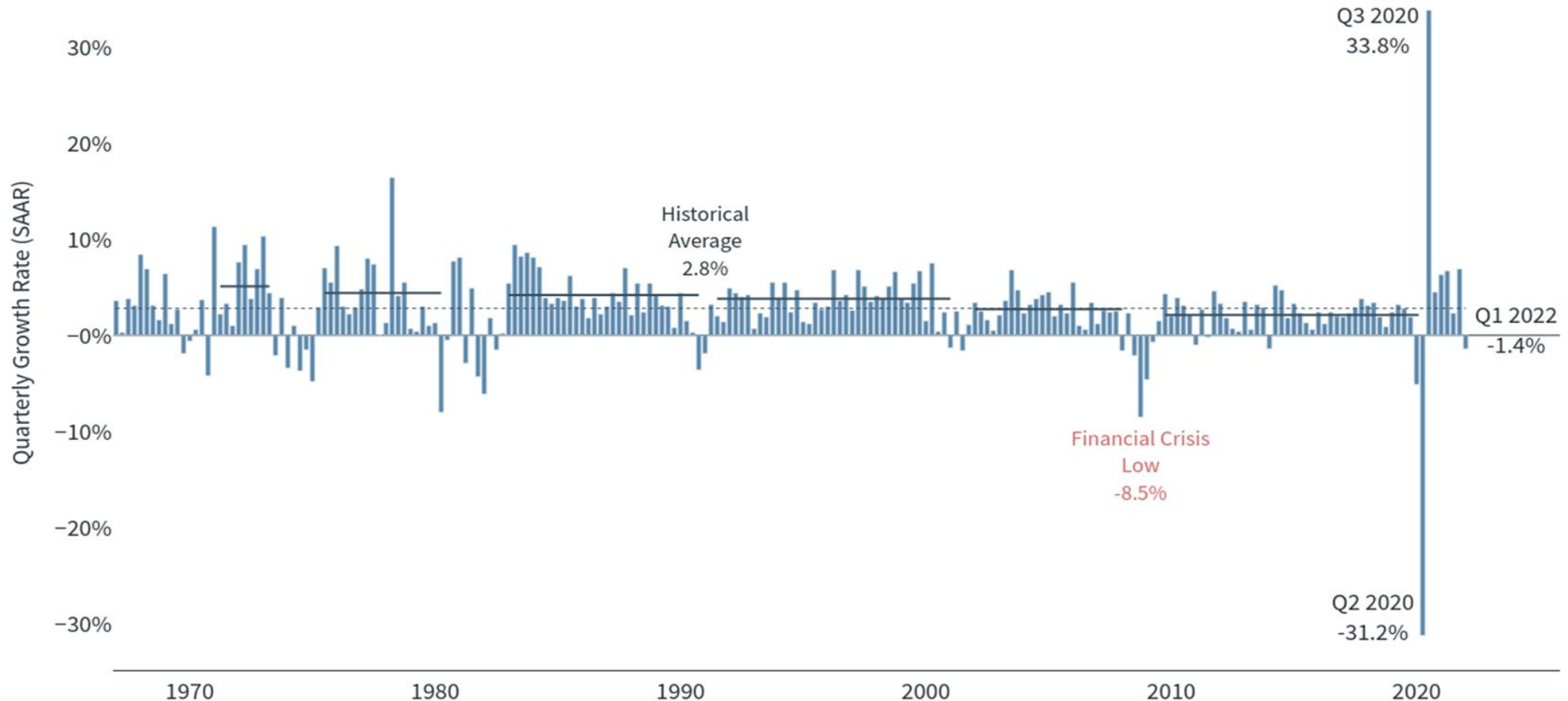
Please turn to page A2

◆ Heard on the Street: GDP data won't keep Fed at bay... B32




# U.S. Economic Growth

*Quarterly GDP, year-over-year percentage change*





A medium shot of Edward Yardeni, a man with short grey hair and glasses, wearing a dark suit, white shirt, and blue tie. He is looking slightly to his left with a serious expression. The background is blurred, showing warm, out-of-focus lights.

**“ ... the outlook is still fairly bright. I’m not in the recession camp. I am in the camp that believes inflation will be higher for longer, but I do think we see a peak in the next few months and inflation will start to moderate ... that will mean a lot to the markets. ”**

---

EDWARD YARDENI, Yardeni Research (4/29/2022)

# An Educated Client is Our Best Client!

# INVESTMENT STRATEGIES

What Are Your Options?

Go to  
cash

Become  
more  
aggressive

Become  
more  
conservative

Stay the  
course and  
focus on  
long-term







# Portfolio Rebalancing

# Portfolio Rebalancing

*Buying or selling investments to maintain a targeted mix*

Threshold



Opportunisticly when  
markets rise and fall

Time




Annually



# Tax Loss Harvesting



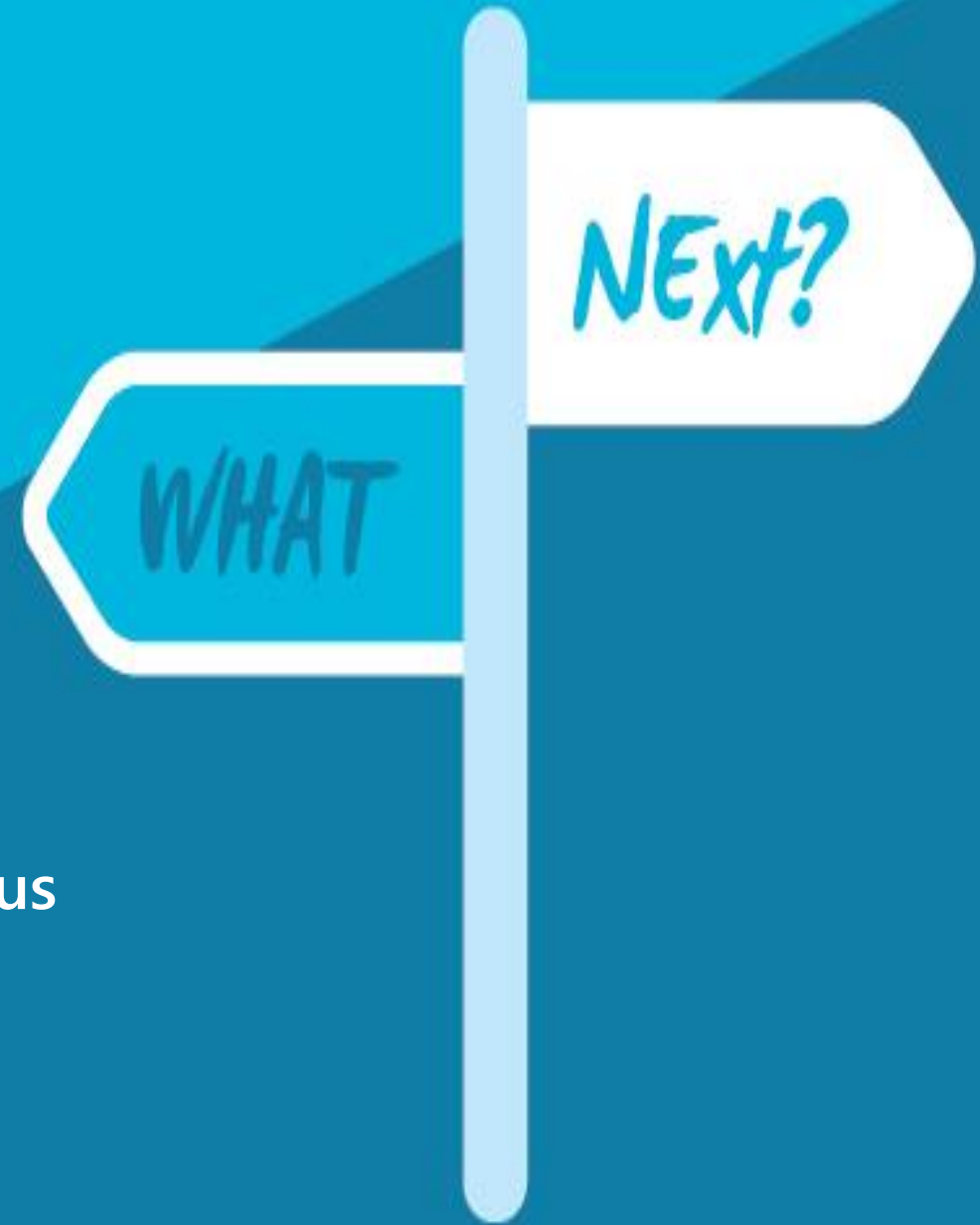


Roth IRA

Roth Conversions

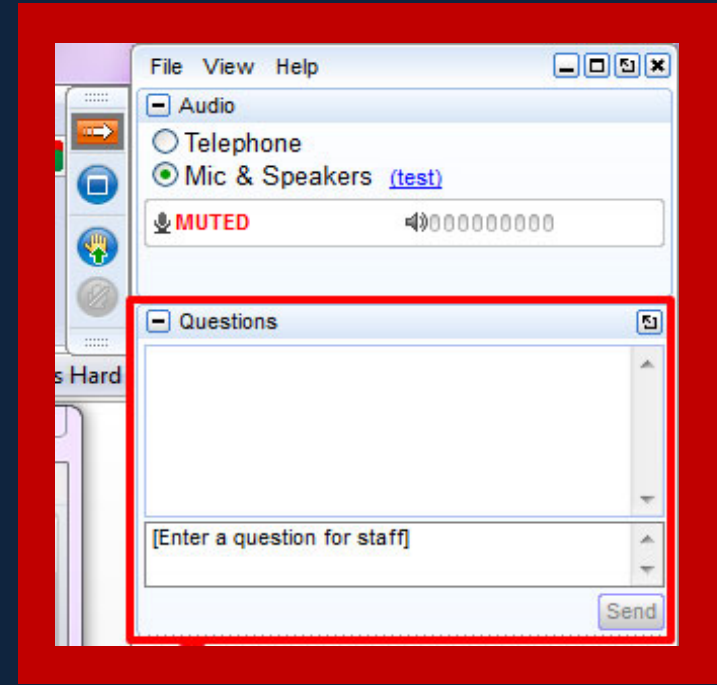
# WHAT SHOULD I DO NEXT?

- ▶ Lock in mortgage rates or consider refinancing
- ▶ Maintain liquidity for all near-term needs
- ▶ Avoid emotional investing
- ▶ Evaluate market entry and exit points
- ▶ Conduct a full review of your financial plan with us





# QA HAVE QUESTIONS?



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We offer our clients an impressive wealth of expertise in retirement and estate planning, investment and risk management, insurance, and education planning. Our advisers hold a variety of professional designations and certifications and are well versed in a number of financial disciplines. Our combined education and experience allows us to proudly offer you independent financial advice that you can trust.

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SOURCES: Dimensional Funds; Wall Street Journal; US Bureau of Economic Research; Clearanomics; Bloomberg; Ed Yardeni; Barron's; bankrate.com; FDIC; US BEA; NBER; Bureau of Labor Statistics; The Conference Board; Refinitiv; Standard & Poor's; Yardeni Research Inc.; APFA; Dr. David Kelly, J.P. Morgan Asset Management

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