

TPG Q2 Update

JUNE 30, 2022



Q2 2022 Market Performance Update:

S&P 500 -16.45%
DJIA -11.25%
Russell 2000 -7.80%
MSCI EAFE -15.10%
MSCI Emerging Markets -11.18%

Observations on Q2 & Outlook for Q3 2022:

Q2 started with 2 days of consecutive gains and then went on a selling spree that created lower highs and lower lows. The quarter contributed to the worst first half start since 1970. While the Energy sector is still positive on the year it has gone down -27% since its high on June 8th. Energy stocks going down reflect oil going down which may ultimately help us at the pump, but is a sign and fear of a looming recession. As I write this, the Atlanta Fed has a Q2 GDP estimate of -2.1%. That estimate, combined with the actual reading of Q1 GDP of -1.6% GDP puts us in a recession. The only question now is how deep or shallow will the recession be.

Earnings season starts in a couple weeks. Will companies hit or miss their targets? Will they guide higher or lower for the second half of 2022? I continue to look for momentum in these markets. Momentum has been short lived so far this year, but it does not have to mean that we are long stocks. The best momentum opportunities in the second half may be to short certain sectors. We will soon see. Either way, I believe we go into a shallow recession and are given great opportunities for outsized profit later in the year. Advance and protect will continue to play out in 2022.

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Q & A:

Q: Will the market go into a recession?

A: I do not predict periods of economic expansion or contraction. Instead, I look for momentum in stocks and sectors. I do see a slowdown of growth, maybe an economic recession, but most likely an earnings recession.

Q: Is Bitcoin dead?

A: I believe the cryptocurrency market will remain a viable solution for years to come and maybe forever. This does not mean that Bitcoin would necessarily go up to \$500,000-\$1,000,000 as many have predicted. Bitcoin has been in a downward trend since November and hit a peak in February 2021. I would stay away until we get better guidance from the government and how it plans to regulate the cryptocurrency industry.

Q: How is our performance?

A: While down this year to date, we are doing better than the bench this year, in the last year, for the last three years, and since 2017 when I created my RIA.

“Be fearful when others are greedy and greedy only when others are fearful” Benjamin Graham



S&P 500