

This morning we are coming to you live from San Diego, California where we are working our craft at the [Axxcess Wealth 2022 Conference](#). Founded and run by Mike Seid, Axxcess is a leading place to land for RIAs in need of a full suite of services to be successful. I wear the hat of Editor-at-large around these parts and provide commentary, client communication writing, and content for this year's conference. I don't partner with many firms, only the ones I like and trust, and that is what Mike has built. In need of a further introduction, let me know.



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Axxcess PLATFORM

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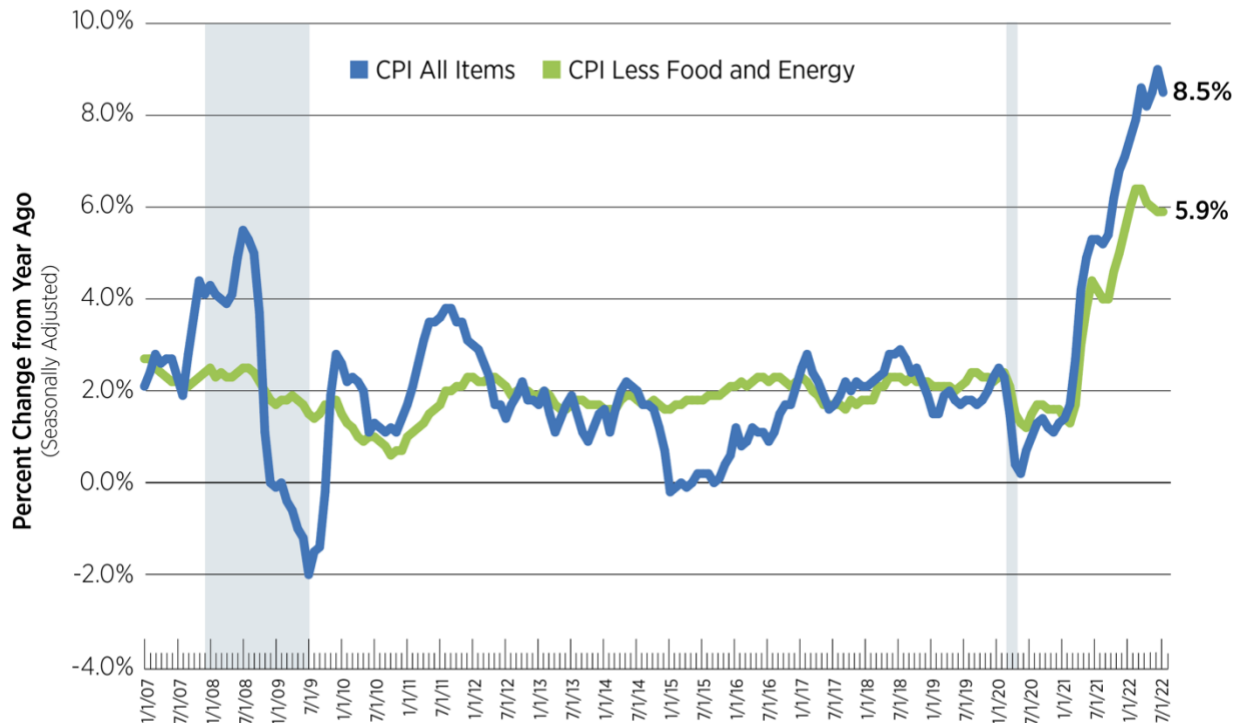
Turning our focus onto the markets.....



“...I mean, that got serious fast.” And so it did this week as markets took a serious drubbing on Tuesday after the [hot consumer price inflation](#) report hit the tape.

Consumer Price Index

(July 2022)



Source: U.S. Bureau of Labor Statistics

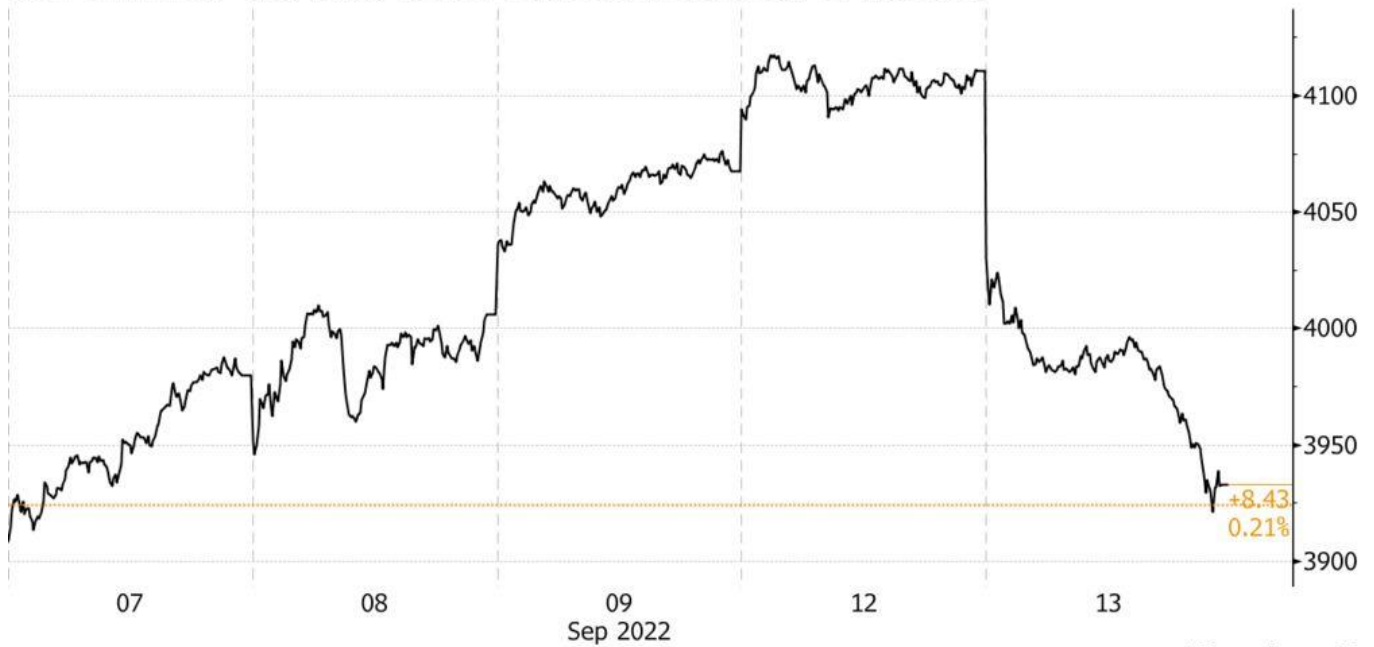
That said, we were a little surprised at the sheer size of the selloff from the perspective that 'I'm surprised that you're surprised' that inflation has remained this 'stubbornly high'. The Fed went full Dale Earnhardt during the pandemic and when you red line it that hard and then take it into the fall, parts are going to fly everywhere. Even the Intimidator would be intimidated. And he was one bad ass dude. Viva la numero tres!



As they say, the market giveth and the market taketh away. And so it did with a 4% to 5% selloff depending on the index you were looking at. The good news, if there is to be good news, is that Tuesday's action only erased the following four days of gains. But still, 4.25% in a single day isn't no chump change and 1,200 Dow points will get a lot of people's attention.

Dashing Hopes

S&P 500 four-day rally nearly evaporates in post-CPI selloff

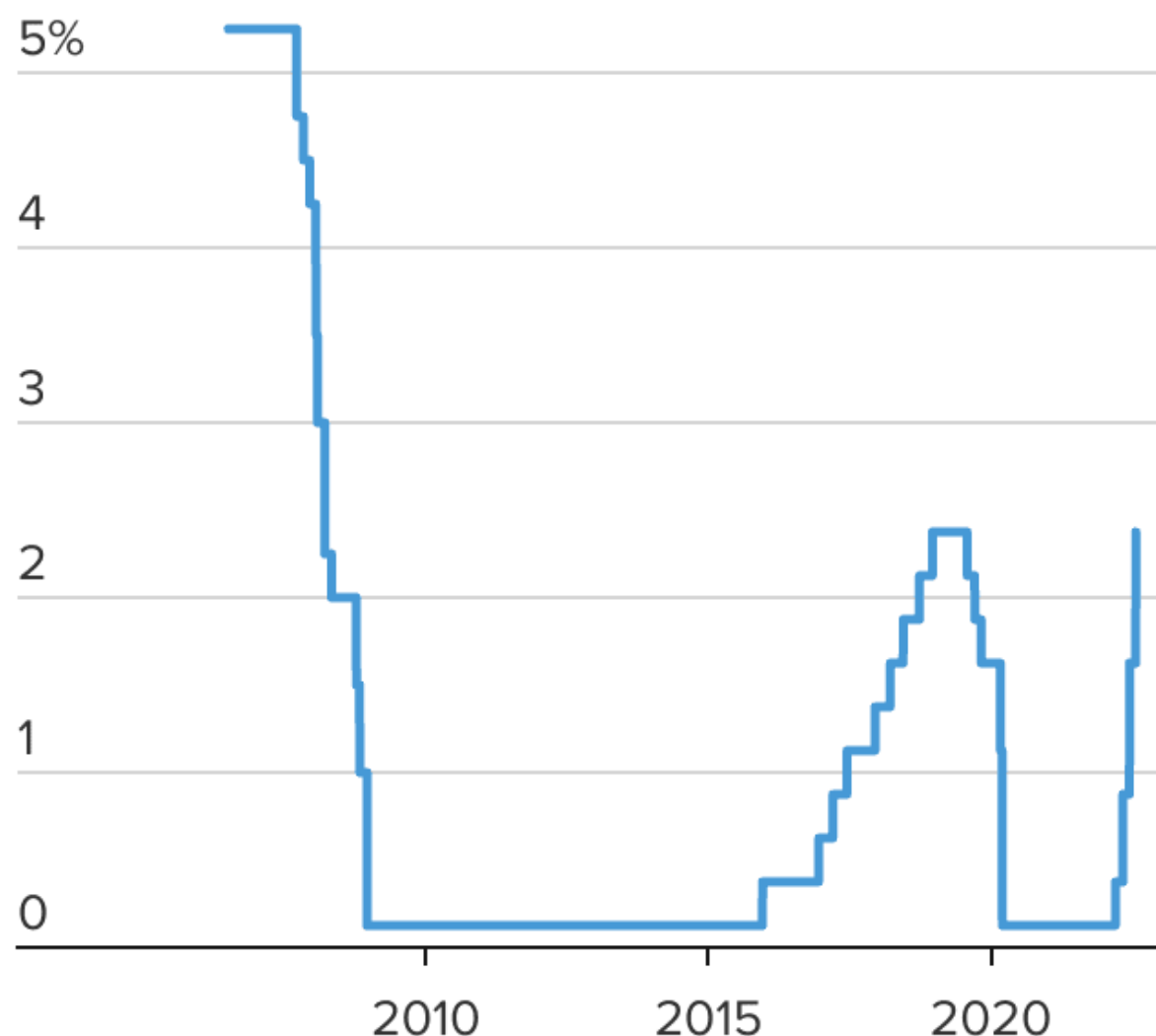


Source: Bloomberg

Bloomberg

If you were to go searching for a reason the market had such a visceral reaction it lies in the fact that 'stubbornly high' means the Fed is going to have to pull another bazooka out of the case and get ready to let loose. Keep in mind, these are blunt instruments that lack precision. But as they say, sometimes you go to war with the ammunition you have, not necessarily the ammunition you need. Right now that ammo is an almost straight vertical ascent in interest rates, with more to come.

The federal funds target rate since July 2006



Note: From 2008 forward, data reflects midpoint of the target range.

Chart as of July 27, 2022.

Chart: Gabriel Cortes / CNBC

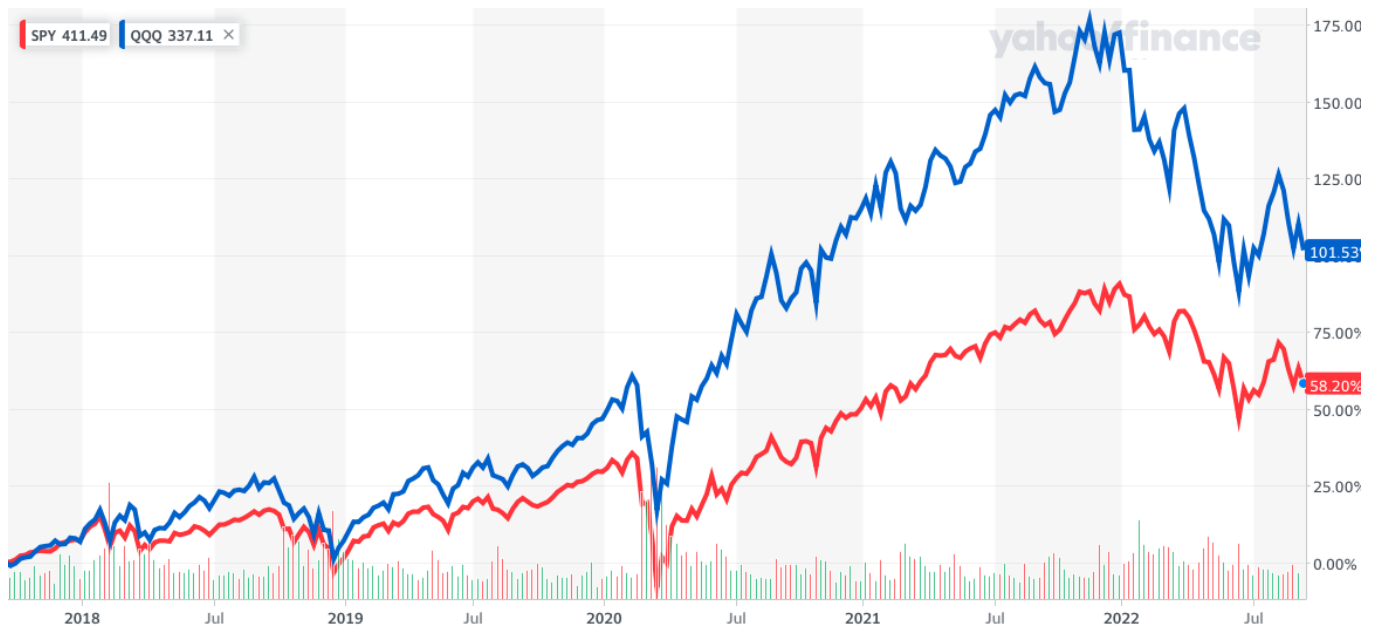
Source: The Federal Reserve Bank of New York



This kind of move has every portfolio manager and prognosticator running thy mouth about how damaging, or needed, a full-on assault on inflation will be. We've found nobody, literally not one single one, who thinks the Fed should put on the brakes. The best we could do was to point out the our friend Jeff Gundlach thinks they need to [feather the landing](#) a bit more with 25 basis points later this month as the threat of recession is clearly on the rise. We like Jeff. He is smart, opinionated, told TCW to get lost, and made billions for himself doing it. That's him showing his profile during his New Wave days with his band Radical Flat.



Before we take it to the bottom and then head up, one last chart for the masses. Here we have the S&P 500 in red and the NASDAQ in blue. While chartists we are not, if we break the lows that are not that far away, it's going to get messy as the next levels of support aren't for another 10% to 15% down. That, friends, would be a full-on bear market. But as we've said, markets reap what the Fed sows.



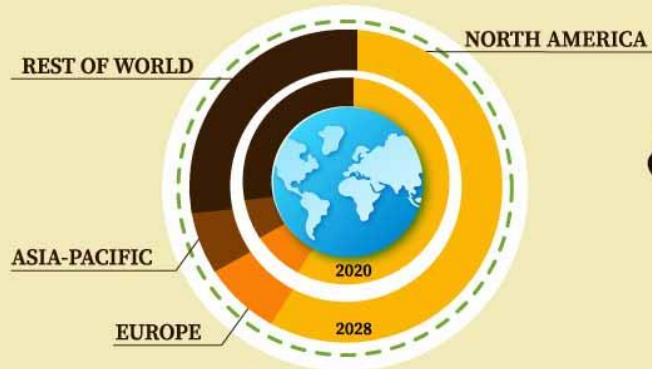
Feeling like you might need a drink right about now, well it looks like there are a bunch of sports Hall of Famers that would like to pour you one. On Wednesday CNBC profiled [Michael Jordan's tequila brand](#), Cincoro. Notice that no other than Jeanie Buss of the Lakers family dynasty is sitting front row. Turns out that distilled cactus is a good business to be in as dollar sales increased by nearly 30% last year. Not a bad trend when you consider some of Mike's labels sell for north of \$300. He isn't alone as Dwayne "the Rock" Johnson has one, as does LeBron.



And there is of course the tequila juggernaut named Casamigos created in part by George Clooney that was uber successful. So much so that it's the number three brand in the world and Diageo liked it so much they purchased the whole thing in 2017 for \$1 billion. Me personally, I think the stuff sucks because of the heavy infusion of vanilla which turns the taste into something resembling Southern Comfort for this finely tuned palette. For my \$39.99 I'm all in for Herrdaura Blanco, muy fresco!

GLOBAL TEQUILA MARKET 2021-2028

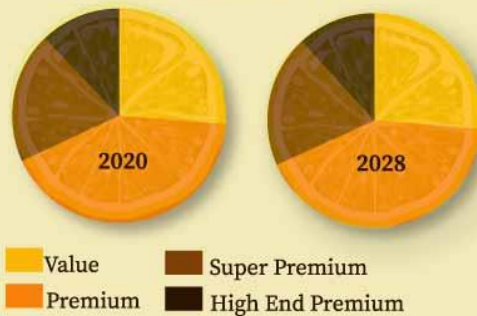
MARKET BY GEOGRAPHY



TOP COMPANIES

JOSE CUERVO BECLE SAB DE CV
BACARDI & CO LTD (PATRÓN TEQUILA)
BEAM SUNTORY INC.
BROWN-FORMAN CORPORATION
DIAGEO PLC (CASAMIGOS TEQUILA)
PERNOD RICARD SA

MARKET BY TYPE



MARKET BY DISTRIBUTION CHANNELS



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Another sports celebrity, this one who hails from the great state of Texas, Troy Aikman is out with his own beer, [EIGHT Elite Lager](#). The importance of which is that's the number he wore as a player and three-time Super Bowl Champion for the Dallas Cowboys. Troy does a great job hitting the Insta on a daily basis to talk through what motivates him, how he lives his life, and most importantly why would be drinking EIGHT Elite Lager. For those looking to build a brand, his is a great model. Albeit coming from position of strength.



Regarding brand, last night I had the pleasure of being a part of great dialogue at the Axxcess conference around brand building in a crowded market when Trey Zoeller opened up about how he created [Jefferson's Bourbon](#) as a premium brand in a slow growth market of bourbon at that time. When he first rolled it out, no bank in their right mind would lend for it. But he persevered and created a great platform for his 13 premium lables. The most interesting one of which is Jefferson's Ocean, [Aged at Sea](#). As the name implies, this bourbon spends most of its barreled life in casks on boats traveling the ocean.

