

## Monthly Newsletter

### September 2023



#### Monthly Market Recap

After a strong performance in July and a solid first half of the year, August proved to be a volatile month for the markets. The S&P 500 declined by 1.6%, the DJIA decreased 2.0%, and the NASDAQ moved lower by 2.1%.

Market performance and returns year to date have become less concentrated in mega-cap tech stocks, resulting from resilient economic data and better than expected profit growth. With second quarter earnings season ending, more than 70% of companies have beaten earnings estimates despite softer revenue.

Job growth in July came out lower than estimated, but the unemployment rate was 3.5%, just above the lowest level since 1969. Labor participation rate also held steady at 62.6% for the fifth straight month, leading to a brief market rally.

Inflation also took a small step back in the month of July. After a 12-month trend of slowing consumer price increases, inflation picked up with CPI for the month coming in at 0.2%, and the annual rate rising to 3.2%. PPI also rose 0.3% for the month, countering the recent trends showing that inflation pressure is easing.

At the annual Jackson Hole conference, Jermone Powell emphasized that the Fed still has a long way to go on its fight against inflation. Current market expectations indicate that the Fed will pause interest rate hikes this September, increase rates in November and pause again in December. Starting in 2024, the Fed will evaluate and look to start cutting interest rates for the first time.

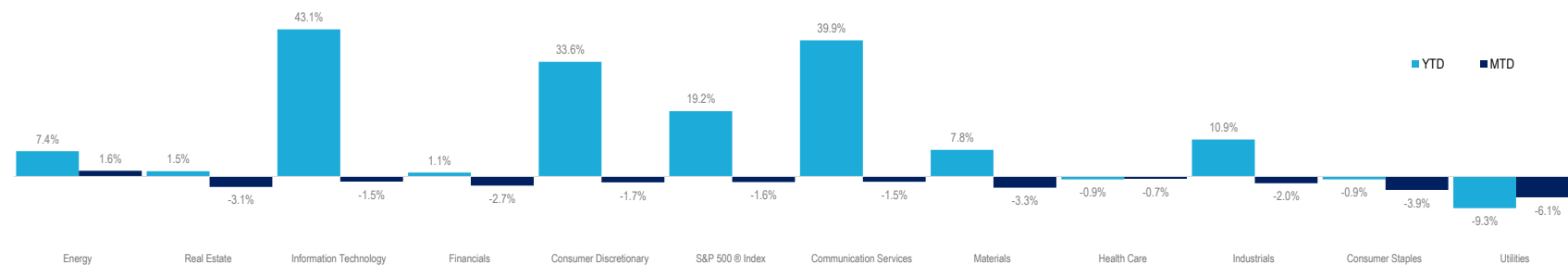
Early in August, the US debt rating was downgraded from the highest AAA to AA+, in reaction to the debt ceiling deal earlier this year and its risk to the nation's first default. However, overall, the US economy continues to prove its resiliency. GDP has been positive for the last two quarters and is projected to continue to increase this coming quarter with retail sales remaining positive for a fourth straight month. ISM services also persist above 50 indicating that we are moving toward an expansionary economy.

Investors continue to embrace the strength of the economy. With a healthy fiscal backdrop, consumers are still spending, contributing to this summer's phenomenon of "Fun"-Flaition. As the summer turns into fall, we continue to stay optimistic even as we face the upcoming September Effect on the markets.

	Index Return %	
Equities	MTD	YTD
S&P 500	-1.6%	18.7%
Russell 3000	-1.9%	18.0%
Nasdaq	-2.1%	34.9%
Dow Jones	-2.0%	6.4%
Fixed Income		
US Aggregate	-0.6%	1.4%
US Corporate High Yield	0.3%	7.1%
Economic Metrics		
US Unemployment Rate	Rate %	
US Inflation Rate	Jul-23	
	3.50%	
	3.18%	
Commodities		
	Levels	
	Jul-23	Aug-23
Oil (WTI)	81.80	80.65
Gold	1,970.70	1,915.50
DowJ. Commodity Index	1,013.35	1,005.25
Interest Rates		
	Rate %	
	Jul-23	Aug-23
10 Year Treasury Rate	3.97%	4.12%
30 Year Treasury Rate	4.02%	4.23%
30 Year Mortgage Rate	6.81%	7.18%
US Corp. AAA Effective Yield	4.75%	4.87%

All numbers reported are as of August 31 2023

Major Economic Events	Date
Employment Situation	1-Sep
Inflation Rate	13-Sep
FOMC Meeting	20-Sep



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### Sources

S&P 500 Performance	<a href="https://ycharts.com/indices/%5ESPXTR/level">https://ycharts.com/indices/%5ESPXTR/level</a>
Russell 3000 Performance	<a href="https://ycharts.com/indices/%5ERUATR/level">https://ycharts.com/indices/%5ERUATR/level</a>
Nasdaq Performance	<a href="https://ycharts.com/indices/%5ENA100TR/level">https://ycharts.com/indices/%5ENA100TR/level</a>
Dow Jones Performance	<a href="https://ycharts.com/indices/%5EDJITR">https://ycharts.com/indices/%5EDJITR</a>
US Aggregate Performance	<a href="https://ycharts.com/indices/%5EBBUSATR">https://ycharts.com/indices/%5EBBUSATR</a>
US Corporate High Yield Performance	<a href="https://ycharts.com/indices/%5EBBUSCOHYTR">https://ycharts.com/indices/%5EBBUSCOHYTR</a>
US Unemployment Rate	<a href="https://ycharts.com/indicators/us_unemployment_rate">https://ycharts.com/indicators/us_unemployment_rate</a>
US Inflation Rate	<a href="https://ycharts.com/indicators/us_inflation_rate">https://ycharts.com/indicators/us_inflation_rate</a>
10 Year Treasury Rate	<a href="https://ycharts.com/indicators/10_year_treasury_rate">https://ycharts.com/indicators/10_year_treasury_rate</a>
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US Corp. AAA Effective Yield	<a href="https://ycharts.com/indicators/us_corporate_aaa_effective_yield">https://ycharts.com/indicators/us_corporate_aaa_effective_yield</a>
European Markets Performance	<a href="https://russellinvestments.com/middle-east/global-market-outlook#ColorBoxesRoot_5c2d1932-eb2f-4ad5-a377-5c496b847736">https://russellinvestments.com/middle-east/global-market-outlook#ColorBoxesRoot_5c2d1932-eb2f-4ad5-a377-5c496b847736</a>
Sectors & Industries Performance	<a href="https://ycharts.com">https://ycharts.com</a>
Dow Jones Commodity Index	<a href="https://ycharts.com/indices/%5EDJIC">https://ycharts.com/indices/%5EDJIC</a>
Gold Price	<a href="https://ycharts.com/indicators/gold_price_in_us_dollar">https://ycharts.com/indicators/gold_price_in_us_dollar</a>
Crude Oil Price	<a href="https://ycharts.com/indicators/wti_crude_oil_spot_price">https://ycharts.com/indicators/wti_crude_oil_spot_price</a>

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