

Monthly Newsletter

August 2023

Monthly Market Recap

Stocks rallied over the month of July, with investors becoming more hopeful on the possibility of a soft-landing. Investor sentiment has continued to grow more bullish, near its highest since 2021.

The S&P rose by 3.2%, the DJIA increased 3.4%, and the NASDAQ moved higher by 4.1% for the month. Both the S&P 500 and the NASDAQ have now seen five positive months in a row, and even the DOW gained momentum with 13 consecutively positive days in July. Although big tech continues to power through showing good earnings growth and cash flow, the top six stocks in the Dow outperformed the S&P 500's big seven.

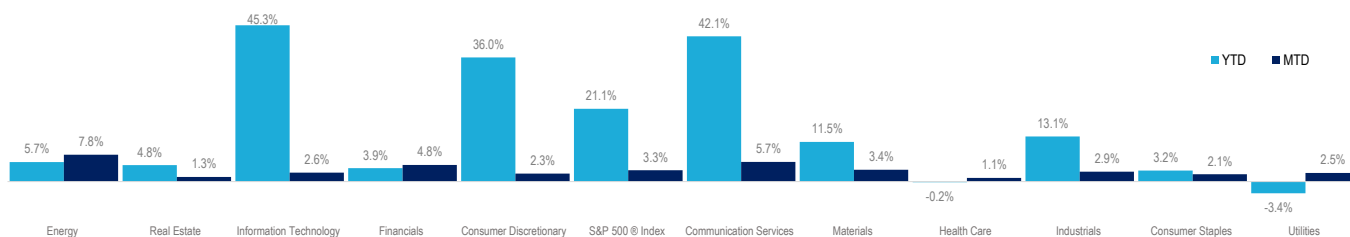
Earnings for the second quarter have been in focus for most of July and will continue to roll-out over August. So far, we are about halfway through earnings season and the numbers have come in better than expected, contributing to the market rally we have seen this month. However, even though companies are beating projections, corporate profits have taken a hit with an overall decline in earnings for the second quarter, putting all eyes on earnings coming out for the third and fourth quarter. Investors are feeling relief, especially as the banking sector earnings indicated that the bank crisis in the spring might finally be behind us.

Inflation continues to improve. CPI for the month came in at 0.2%, with the annual rate declining to 3%, less than expectations. PPI, which is a critical leading indicator, continues to show inflation falling rapidly with an annual rate change of 0.1%, down from 0.9% the month prior. Other factors that we will keep a close watch out for, that could affect consumer spending and equities once the summer ends, are the resumption of student loan repayments and a decrease in excess savings. Euro Zone inflation fell to 5.5% in June, from 6.1% in May.

After a pause in June, the Fed increased interest rates for the 11th time in July, taking the target rate up yet another 25bps. The Fed will continue to remain data dependent before deciding on another rate hike at the next policy meeting in September. Currently, markets are predicting a 23% chance of another rate hike at that time.

Investors seem to be feeling good and optimistic, keeping up their appetite for riskier assets this year. Major technology and internet stocks continue to be a common theme for this year with excitement surrounding the upcoming advances in artificial intelligence.

Looking forward for this month, August has historically been a tough month for stocks since 1986. The question is, will the bull market continue to rally, or will history repeat itself?



	Index Return %	
Equities	MTD	YTD
S&P 500	3.2%	20.6%
Russell 3000	3.6%	20.3%
Nasdaq	4.1%	37.7%
Dow Jones	3.4%	8.5%
Fixed Income		
US Aggregate	-0.1%	2.0%
US Corporate High Yield	1.4%	6.8%
Economic Metrics		
	Rate %	
US Unemployment Rate	3.60%	
US Inflation Rate	2.97%	
Commodities		
	Levels	
	Jun-23	Jul-23
Oil (WTI)	70.66	78.81
Gold	1,912.30	1,954.30
DowJ. Commodity Index	954.12	1,013.35
Interest Rates		
	Rate %	
	Jun-23	Jul-23
10 Year Treasury Rate	3.81%	3.96%
30 Year Treasury Rate	3.85%	4.03%
30 Year Mortgage Rate	6.71%	6.81%
US Corp. AAA Effective Yield	4.68%	4.75%

All numbers reported are as of July 31 2023

Major Economic Events	Date
Employment Situation	4-Aug
Inflation Rate	10-Aug
FOMC Meeting	20-Sep

Monthly Newsletter

August 2023



Sources

S&P 500 Performance	https://ycharts.com/indices/%5ESPXTR/level
Russell 3000 Performance	https://ycharts.com/indices/%5ERUATR/level
Nasdaq Performance	https://ycharts.com/indices/%5ENA100TR/level
Dow Jones Performance	https://ycharts.com/indices/%5EDJITR
US Aggregate Performance	https://ycharts.com/indices/%5EBBUSATR
US Corporate High Yield Performance	https://ycharts.com/indices/%5EBBUSCOHYTR
US Unemployment Rate	https://ycharts.com/indicators/us_unemployment_rate
US Inflation Rate	https://ycharts.com/indicators/us_inflation_rate
10 Year Treasury Rate	https://ycharts.com/indicators/10_year_treasury_rate
30 Year Treasury Rate	https://ycharts.com/indicators/30_year_treasury_rate
30 Year Mortgage Rate	https://ycharts.com/indicators/30_year_mortgage_rate
US Corp. AAA Effective Yield	https://ycharts.com/indicators/us_corporate_aaa_effective_yield
European Markets Performance	https://russellinvestments.com/middle-east/global-market-outlook#ColorBoxesRoot_5c2d1932-eb2f-4ad5-a377-5c496b847736
Sectors & Industries Performance	https://ycharts.com
Dow Jones Commodity Index	https://ycharts.com/indices/%5EDJIC
Gold Price	https://ycharts.com/indicators/gold_price_in_us_dollar
Crude Oil Price	https://ycharts.com/indicators/wti_crude_oil_spot_price

"Securities offered through Registered Representatives of Cadaret Grant & Co., Inc., a broker-dealer, member FINRA/SIPC. Advisory services offered through Arch Global Advisors, a Registered Investment Adviser. Arch Global Advisors and Cadaret Grant are not affiliated."