

Monthly Market Perspectives

July 2023

KEY INSIGHTS

- Stock returns were strong and bond prices were mixed during the month of July. Earnings reports have been stronger than expected and the rally that started in technology stocks spread to other sectors and smaller sized companies.
- Employment remained strong and economic growth surprised to the upside. Inflation continued its downward trend, giving investors hope that the Federal Reserve may achieve a soft landing.

WHAT TO WATCH

- CPI data release 8/10
- ISM Services release 8/3
- Unemployment data 8/4
- GDP 2nd Quarter Revisions 8/30

ECONOMY

- The unemployment rate in the US decreased to 3.6% in June 2023, as the labor markets remain resilient despite the Federal Reserve's attempts to cool the economy.
- The annual inflation rate in the US fell to 3.0% year over year in June 2023. This marked the lowest level since March of 2021, and well below the recent peak in June 2022 of 9.1%. CPI less food and energy remained stubbornly higher at 4.8% year over year.
- The ISM Services PMI rose to 53.9 in June of 2023, pointing to the sixth consecutive month of expansion in the services sector.
- The US economy grew by an annualized 2.4% quarter over quarter in Q2 2023, higher than the expected 1.8% market forecast. Consumer spending continued to drive the gains, rising 1.6% for the quarter. Non-residential fixed investment also grew, bolstered by a series of bills that provide both direct funding and tax incentives for businesses to invest in domestic infrastructure.

EQUITY MARKETS

- In July, the S&P 500 appreciated 3.21%. Developed international returned 3.26%, in line with US Large Cap stocks. Emerging markets had a turn at the front, delivering 6.28% for the month. Value also made a surprise appearance in July, edging out Growth across domestic large, small and mid capitalization stocks.
- The NASDAQ index rose 4.08% for the month as all things AI-related continued their upward trajectory, fueled by strong earnings reports from META, GOOGL, AVGO and other software and chip companies.

FIXED INCOME

- In the bond markets, Treasury yields two to five years rose by 70-90 basis points (0.7-0.9%). The Bloomberg U.S. Aggregate Index fell by 0.1%. Corporate bonds rose slightly. The Bloomberg U.S. Corporate High Yield Index, which is correlated with stock prices, rose 1.4%.
- Overall, bond returns were mixed as long duration Treasuries declined in price as corporate credit and high yield rose slightly.
- The Federal Reserve met market expectations with another 25 bps hike announced July 26th, after a pause in June. Chairman Jerome Powell left the Federal Reserve's future actions open, indicating any further rate increases would be dependent on the course of economic activity. Interest rate futures markets are currently pricing in little chance of another hike at their next meeting in September.

COMMODITIES / CURRENCIES / REAL ESTATE

- West Texas Intermediate (WTI) moved up for the month, ending at \$81.8 a barrel.
- Gold prices increased to \$1,965 per oz., up \$46 from the end of June.
- The U.S. dollar (USD), despite a rally at month end, ended July lower against a basket of currencies.
- The Euro was relatively flat versus the dollar.
- Domestic real estate finished the month higher, as the Wilshire U.S. Real Estate Securities Index appreciated 2.93% in July.



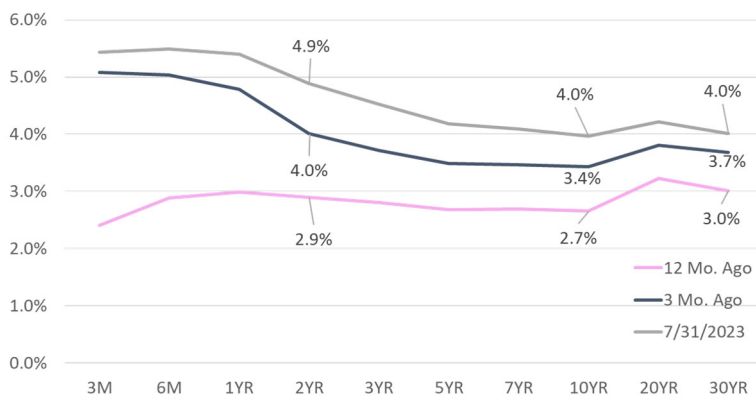
GLOBAL MARKET SUMMARY

Index	Level	1 Mos.	3 Mos.	12 Mos.
S&P 500	4,588.96	3.21%	10.51%	12.99%
Dow Jones Industrial Avg.	35,559.53	3.44%	4.85%	10.62%
NASDAQ Composite	14,346.02	4.08%	17.58%	16.84%
MSCI Emerging Markets	1,046.91	6.28%	8.56%	8.76%
MSCI EAFE	2,199.36	3.26%	3.53%	17.55%
MSCI All Country World	707.11	3.69%	8.65%	13.51%

U.S. TREASURY MARKET

Maturity	12 Mo. Ago	3 Mo. Ago	7/31/2023	Change 3 Month
1M	2.2%	4.3%	5.4%	1.11%
3M	2.4%	5.1%	5.4%	0.35%
6M	2.9%	5.0%	5.5%	0.45%
1YR	3.0%	4.8%	5.4%	0.62%
2YR	2.9%	4.0%	4.9%	0.87%
3YR	2.8%	3.7%	4.5%	0.81%
5YR	2.7%	3.5%	4.2%	0.69%
7YR	2.7%	3.5%	4.1%	0.62%
10YR	2.7%	3.4%	4.0%	0.54%
20YR	3.2%	3.8%	4.2%	0.41%
30YR	3.0%	3.7%	4.0%	0.33%

U.S. TREASURY YIELD CURVE



U.S. EQUITY SIZE & STYLE RETURNS

1 Month				12 Months		
Value	Core	Growth		Value	Core	Growth
3.41%	3.21%	3.05%	Large	17.11%	12.99%	7.99%
4.47%	4.13%	3.80%	Medium	10.88%	10.40%	9.74%
6.01%	5.51%	5.02%	Small	6.20%	5.18%	3.97%

S&P 500 Index Sector Returns

Index	1 Mos.	3 Mos.	12 Mos.
Information Technology	2.7%	19.8%	26.8%
Health Care	1.0%	0.9%	3.0%
Financials	4.8%	7.0%	7.0%
Cons. Discretionary	2.4%	18.5%	7.4%
Industrials	2.9%	10.9%	17.6%
Communication Services	6.9%	16.5%	20.9%
Cons. Staples	2.1%	-1.0%	5.4%
Energy	7.4%	3.0%	16.1%
Utilities	2.5%	-1.9%	-6.4%
Real Estate	1.3%	2.1%	-10.6%
Materials	3.4%	7.0%	12.2%

U.S. FIXED INCOME

Index	Level	1 Mos.	3 Mos.	1 Year
Bloomberg U.S. Treasury Bills: 1-3 Months	270	0.3%	-0.5%	0.1%
Bloomberg U.S. Aggregate	2,090	-0.1%	-1.5%	-3.4%
Bloomberg Treasury	2,215	-0.4%	-2.3%	-4.0%
Bloomberg U.S. TIPS	336	0.1%	-1.4%	-5.4%
Bloomberg U.S. Credit	3,074	0.3%	-0.7%	-1.3%
Bloomberg Corporate High Yield	2,335	1.4%	2.1%	4.4%

OTHER

	7/31/2023	6/30/2023	7/29/2022
Fed Funds Target	5.5	5.25	2.5
30-Year Fixed Mortgage	7.26	7.15	5.28
WTI Oil (\$/barrel)	81.8	70.78	85.45
Gold (\$/oz)	1965.09	1919.35	1765.94
Natural Gas (\$/mmBtu)	2.634	2.798	8.229
Euro (\$/€)	1.0997	1.0909	1.022

