

August Market Review

Equity market declines were widespread across sectors, with Energy as the positive outlier. Real Estate and other defensive sectors fared the worst, while health care and telecoms held up better in most markets. The “Magnificent Seven” companies, which were responsible for nearly 75% of S&P 500 index in the first half of the year, saw mixed results for the month. Last month’s winners, including US Small Cap and Emerging Markets, were the biggest laggards.

Equity market gains in July continued their broader representation across stocks and sectors rather than the concentrated mega cap technology gains of the first 5 months. Value stocks and Industrials performed well while

Emerging Markets led performance for the month. The S&P 500 climbed within 5% of its all-time high towards the end of July as analysts raised the year-end 2023 S&P 500 price targets to keep up with the market surge.

Index	Month	YTD
US Large Cap (S&P 500)	-1.6%	18.7%
US Small Cap (Russell 2000)	-5%	9%
Non-US Stock (MSCI EAFE Net)	-3.8%	10.9%
Emerging Markets (MSCI Emg. Markets Net)	-6.2%	4.6%
MSCI All Country World Index	-2.3%	13.7%

Interest rates spiked to year-to-date highs mid-month before retreating into month end, driven by increased deficit scrutiny following the Fitch US credit downgrade, heavy Treasury issuance, a broader disinflation narrative, and recent BOJ actions. The 10-year US Treasury yield rose from 4.00% to 4.09% at month-end, after trading as high as 4.36% intraday on August 22nd. The Treasury curve inversions deepened throughout most of August, while credit spreads remained muted.

Index	Month	YTD
High Grade Taxable Bond (Bloomberg US Aggregate)	-0.6%	1.4%
Municipal Bonds (Bloomberg 1-10 Year Muni. Bond)	-0.8%	1%
Investment Grade Bonds (Bloomberg Corporate Inv. Grade)	-0.8%	2.8%
High Yield Bonds (Bloomberg Corporate High Yield)	0.3%	7.1%

Commodities were weaker by 0.8% in August as Gold fell more than 2% on higher for longer rate expectations and Copper dropped over concerns regarding China’s growth outlook. Crude oil continued to move higher by 2.2% after a double digit increase in July.

Index	Month	YTD
Commodities (Bloomberg Commodity Index)	-0.8%	-5.7%