

Market Flash Report

JULY 2023

Key Takeaways

- July was another stellar month for equity performance as the S&P 500 was up +3.2% and has finished higher in 6 of 7 months in 2023. The tech heavy Nasdaq fared even better, up over +4.0% for the month. Small caps outperformed large caps for the 2nd consecutive month and are now up +14.7% YTD as financials showed some signs of recovery and were up +13.8% in July. Small cap energy stocks are up +26.8% over the last two months as oil prices are up almost +20% over that time.
- Credit risk continues to pay in 2023 as high yield bonds and EM debt pushed +1.4% and +3.0% higher in July. Intermediate and long-term treasuries were lower as yields rose across the curve, but short-term treasuries (1-3 years) were slightly positive for the month.
- The Federal Reserve raised its benchmark rate 25 basis points at the end of July to an upper bound of 5.50%. This is the highest level for the Fed Funds rate in 22 years. The annual change for headline CPI slowed to +3.0% from +4.0% in May. That marked the slowest rate of inflation since March 2021. This was below estimates of +3.1% and current estimates for July are +3.2%. Core CPI came in below estimates as well at +4.8% vs. +5.0% estimated and +5.3% in the prior month.
- The US economy grew +2.4% on an annualized basis for Q2. That came in higher than the +2.0% growth experienced in Q1 and was well above the +1.8% rate predicted by economists. Growth was propelled higher by strong business investment and consumer spending and saw a smaller detraction from the housing sector than in previous quarters. The US employment data for July was a mixed bag as payroll growth was slightly lower than expected at +187k and the previous two readings were revised -49k lower. However, wage growth was greater than forecasted at +0.4% MoM and +4.4% YoY, while the unemployment rate was lower than projected at 3.5% due to a +268k increase in household employment.

Index Performance (as of 7/31/2023)

ARIZONA
CALIFORNIA
COLORADO
D.C. METRO AREA
FLORIDA
GEORGIA
MASSACHUSETTS
NEW JERSEY
NEW YORK
RHODE ISLAND
TEXAS
WASHINGTON
WYOMING

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	July	YTD	One-Year
Equity			
U.S. Large Cap	3.2%	20.6%	13.0%
U.S. Small Cap	6.1%	14.7%	7.9%
Developed Non-U.S.	3.2%	15.8%	17.4%
Emerging Market	6.3%	11.7%	8.8%
Real Assets			
Real Estate	4.2%	5.4%	-6.3%
Commodities	6.3%	-2.0%	-7.9%
Natural Resource Equities	7.4%	4.2%	12.3%
Fixed Income			
<u>Core Plus</u>			
U.S. High Yield Debt	1.4%	6.8%	4.4%
Emerging Market Debt	3.0%	12.1%	15.7%
<u>Core Bonds</u>			
U.S. Aggregate Bonds	-0.1%	2.0%	-3.4%
U.S. Treasuries	-0.4%	1.2%	-4.0%
U.S. Municipal Bonds	0.3%	1.8%	0.6%
	Current	Prior Month	One-Year Ago
Month-End Values/Yield			
CBOE Volatility Index	13.6	13.6	21.3
10-Year Treasury Yield	4.0%	3.8%	2.7%

Disclosures

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U.S. Large Cap Equity is represented by the S&P 500 Index, with dividends reinvested. U.S. Small Cap Equity is represented by the Russell 2000 Index. Developed Non-U.S. Equity is represented by the MSCI EAFE Index. Emerging Market Equity is represented by the MSCI EM Index. Real Estate is represented by the S&P Global Property Index. Commodities are represented by the Bloomberg Commodity Index. Natural Resource Equities are represented by the S&P North American Natural Resources Index. U.S. High Yield Debt is represented by the Bloomberg Barclays U.S. Corporate High Yield Index. Emerging Market Debt is represented by the JPM GMI-EM Global Diversified Index. U.S. Aggregate Bonds is represented by the Bloomberg Barclays U.S. Aggregate Bond Index. U.S. Treasuries is represented by the Bloomberg Barclays U.S. Treasury Index. U.S. Municipal Bonds is represented by the Bloomberg Barclays Municipal 1-10yr Index.