

Market Flash Report

August 2023

Key Takeaways

- August was a difficult month for markets, with the S&P 500 and Nasdaq falling -1.6% and -2.1%. Small caps, Developed Int'l, and EM fared even worse. After gaining 15% in the previous two months, US Small caps experienced their worst month since December 2022, indicating some consolidation and profit taking. As the U.S. dollar rose, Chinese shares fell nearly -9% in August. Oil prices continue to rise as additional production cuts were announced.
- Bonds fared little better, with yields rising during the month. The 10-year treasury yield fluctuated between 4.0% and 4.3% before settling at 4.1%. Yield volatility has increased significantly, and short-term bonds outperformed throughout the month. The heightened volatility was partly attributable to Fitch downgrading the U.S.'s credit rating from AAA to AA+.
- Jobs grew faster than forecasted in August. The U.S. economy added 187k jobs which was higher than the 170k estimated. However, this was the 3rd consecutive month of gains below 200k and figures for the prior two months were revised lower by a combined 110k.
- Inflation edged a little higher and headline CPI now stands at +3.2% YoY after rising +0.2% MoM. This did match analyst estimates, but eyes will be focused on the print for August as it is likely to move even higher due to increased energy costs.

Index Performance (as of 8/31/2023)

ARIZONA
CALIFORNIA
COLORADO
D.C. METRO AREA
FLORIDA
GEORGIA
MASSACHUSETTS
NEW JERSEY
NEW YORK
RHODE ISLAND
TEXAS
WASHINGTON
WYOMING
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	August	YTD	One-Year
Equity			
U.S. Large Cap	-1.6%	18.7%	15.9%
U.S. Small Cap	-5.0%	9.0%	4.7%
Developed Non-U.S.	-3.8%	11.3%	18.6%
Emerging Market	-6.1%	4.9%	1.7%
Real Assets			
Real Estate	-3.3%	2.0%	-4.1%
Commodities	-0.8%	-2.8%	-8.7%
Natural Resource Equities	0.5%	4.8%	12.2%
Fixed Income			
<u>Core Plus</u>			
U.S. High Yield Debt	0.3%	7.1%	7.2%
Emerging Market Debt	-2.7%	9.0%	12.9%
<u>Core Bonds</u>			
U.S. Aggregate Bonds	-0.6%	1.4%	-1.2%
U.S. Treasuries	-0.5%	0.7%	-2.1%
U.S. Municipal Bonds	-0.8%	1.0%	1.4%
	Current	Prior Month	One-Year Ago
Month-End Values/Yield			
CBOE Volatility Index	13.6	13.6	25.9
10-Year Treasury Yield	4.1%	4.0%	3.2%

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.