

Open-End Net Fund Flows (\$)	6/23	5/23	YTD (Jun)
Equity	-46.8B	-55.0B	-215.6B
Taxable Bond	12.5B	2.4B	25.2B
Municipal Bond	0.3B	-2.0B	4.9B
Hybrid	-7.9B	-11.9B	-48.2B
Taxable Money Market	13.2B	156.5B	605.9B

Key Interest Rates/Yields	7/31/23	6/30/23	7/29/22
Federal Funds Target Rate	5.50%	5.25%	2.50%
2-Year T-Note	4.88%	4.90%	2.89%
5-Year T-Note	4.18%	4.16%	2.68%
10-Year T-Note	3.96%	3.84%	2.65%
Bond Buyer 40	4.44%	4.44%	4.26%

Commodities/U.S. Dollar	7/23	YTD	12 Mo.
U.S. Dollar Index (DXY)	-1.03%	-1.61%	-3.82%
Refinitiv/CC CRB Excess Ret.	7.70%	1.60%	-3.38%
Crude Oil/WTI (per Barrel)	15.80%	1.92%	-17.06%
Natural Gas (per million BTUs)	-5.86%	-41.14%	-67.99%
Gold Bullion (Ounce)	2.13%	7.90%	11.78%

### Total Return Performance

U.S. Stock Indices	7/23	YTD	12 Mo.
S&P 500	3.21%	20.64%	12.99%
DJIA	3.44%	8.55%	10.62%
Nasdaq 100	3.84%	44.70%	22.77%
S&P MidCap 400	4.13%	13.30%	10.40%
Russell 2000	6.11%	14.67%	7.87%
Russell 3000	3.58%	20.32%	12.62%

U.S. Styles/Market Caps	7/23	YTD	12 Mo.
S&P 500 Growth	3.05%	24.93%	7.99%
S&P 500 Value	3.41%	15.96%	17.11%
S&P MidCap 400 Growth	3.80%	14.60%	9.74%
S&P MidCap 400 Value	4.47%	11.92%	10.88%
Russell 2000 Growth	4.68%	18.85%	11.55%
Russell 2000 Value	7.55%	10.19%	3.90%

Foreign Stock Indices (USD)	7/23	YTD	12 Mo.
MSCI World NET (Ex-U.S.)	3.24%	14.89%	15.47%
MSCI Emerging Markets NET	6.23%	11.42%	8.35%
MSCI Europe NET	3.07%	17.07%	19.62%
MSCI BRIC NET	7.81%	7.40%	5.90%
MSCI EM Latin America NET	5.15%	24.62%	30.94%
Nikkei 225	1.51%	18.55%	14.47%

Bloomberg Fixed Income Ind.	7/23	YTD	12 Mo.
U.S. Treasury: Intermediate	0.10%	1.20%	-2.22%
GNMA 30 Year	0.03%	2.10%	-4.19%
Municipal Bond (22+)	0.35%	5.33%	0.43%
U.S. Aggregate	-0.07%	2.02%	-3.37%
Intermediate Corporate	0.59%	2.94%	0.08%
U.S. Corporate High Yield	1.38%	6.83%	4.41%
Global Aggregate	0.69%	2.13%	-2.70%
EM Hard Currency Aggregate	1.32%	4.92%	5.35%

Sources: Bloomberg and Investment Company Institute

**Past performance is no guarantee of future results.** Historical performance figures for the indices are for illustrative purposes only and not indicative of any actual investment. Indices are unmanaged and an investor cannot invest directly in an index.

### Climate

One topic that has made its way back into many mainstream economic discussions recently is whether the Federal Reserve ("Fed") will be able to orchestrate a "soft landing" in the U.S. economy, raising interest rates just enough to curb inflation, but not so high that they push the U.S. into a recession. As many investors may know, soft landings are exceedingly rare, with the Fed achieving this goal just one time over the past 60 years (between February 1994 and February 1995). Currently, it appears as though the Fed may be on track to orchestrate this phenomenon once more. Inflation, for one, has been declining. A common measure of inflation is the 12-month rate of change in the Consumer Price Index (CPI). The CPI stood at 3.0% on June 30, 2023, significantly lower than its most recent high of 9.1% (June 30, 2022). Additionally, the U.S. economy has proven to be robust, with U.S. Gross Domestic Product (GDP) growing at a 2.4% rate in the second quarter of 2023. While these factors indicate that the Fed is making progress on their mandate, they were not enough to stave off further rate hikes. After a single-session pause, the Fed enacted their eleventh rate hike in less than 18 months on 7/26/23. This brought the federal funds target rate (upper bound) to 5.50%, up from its most recent low of 0.25% on 3/16/22.

### Stock Market

The S&P 500 Index closed July 2023 at 4,588.96, 4.33% below its all-time closing high of 4,796.56 on 1/3/22, according to Bloomberg. The S&P MidCap 400 and S&P SmallCap 600 Indices stood 6.26% and 12.52%, respectively, below their record closing highs as of 7/31/23. In July 2023, the S&P 500 Index posted a total return of 3.21%. Each of the eleven major sectors that comprise the index registered positive total returns for the month. The top-performer was Energy up 7.40%, while the worst showing came from Health Care which was up 1.02%. The S&P 500 Index posted a total return of 12.99% over the trailing 12-month period ended 7/31/23. Nine of the eleven major sectors were up on a total return basis. The index's top performer was Technology, up 26.85%, while the worst showing came from Real Estate down 10.63%. Full-year 2023 earnings estimates were revised slightly downward month-over-month, with forecasted earnings per share of \$215.7 as of 7/28/23, down from \$217.3 and \$227.8 where they stood on 6/30/23 and 12/30/22, respectively. Bloomberg's consensus 2023 year-over-year earnings growth rate estimates for the S&P 500 Index stood at -3.60% as of 7/28/23. A Bloomberg survey of 23 equity strategists found that their average 2023 year-end price target for the S&P 500 Index was 4,245 as of 7/20/23, according to its own release. Data from FactSet revealed that with 51% of S&P 500 companies reporting actual earnings, the S&P 500 Index is on pace for its worst year-over-year (y-o-y) earnings growth since Q2'20. As of 7/28/23, y-o-y earnings growth for the companies reporting in the S&P 500 Index stood at -7.3%.

### Bond Market

The yield on the benchmark 10-year Treasury Note (T-note) closed trading on 7/31/23 at 3.96%, up 12 basis points (bps) from its 3.84% close on 6/30/23, according to Bloomberg. The 3.96% yield stood 172 bps above its 2.24% average for the 10-year period ended 7/31/23. On a year-to-date (YTD) basis, through 7/31/23, the yield on the 10-year T-note rose by 9 bps. The yield on the 2-year T-note stood 92 bps higher than the yield on the 10-year T-note at the end of July. This marks 13 months in a row where the yield curve has remained inverted between these two benchmarks. Historically, inverted yield curves have a good track record of indicating that an economic recession could be in the making. Moody's reported that its U.S. speculative-grade default rate stood at 3.8% in June. Its baseline scenario sees the U.S. default rate increasing to 5.6% in December 2023. The default rate on senior loans stood at 1.86% in June, above its 10-year average of 1.57%, according to data from LCD Pitchbook.

### Takeaway

Given that consumer spending accounts for nearly 68% of U.S. GDP, on average, since 2000, we think changes in the health of the U.S. consumer may offer insights into the state of the broader U.S. economy. As we mentioned in the "Climate" section above, the Fed has made significant progress in their battle with inflation over the past 12-months, and lower inflation appears to be having a positive impact on the consumer. In July 2023, the University of Michigan's Consumer Sentiment Index surged by 20.1 points on a y-o-y basis to 71.6, its highest reading since October 2021. Additionally, the economy appears to be benefitting from a resurgence of manufacturing construction in the U.S. The U.S. Census Bureau reported that construction spending by manufacturers more than doubled in the past year, reaching an annual rate of nearly \$190 billion in April 2023. Manufacturing now accounts for nearly 13% of all non-government construction, its highest share on record, according to Bloomberg. That said, not all the data points to a soft landing. The Conference Board reported that its Leading Economic Index, which is composed of 10 economic indicators whose changes tend to precede changes in the overall economy, fell for the fifteenth consecutive month in June. This marks the longest streak of month-over-month declines in the index since the financial crisis in 2007. Additionally, while consumer sentiment increased in July, consumer spending, as measured by personal consumption expenditures (PCE) appears to be weakening. PCE grew by an estimated 1.6% in the second quarter, reflecting a sharp drop from 4.2% in the first quarter.

Index	10-Yr. High Value	Date	10-Yr. Low Value	Date	Month-End Value	% Off High Value	YTD Return (USD)	Month-End Yield
S&P 500	4796.56	1/3/2022	1630.48	8/27/2013	4588.96	-4.33%	20.64%	1.51%
S&P 500 Growth	3423.28	12/27/2021	864.27	8/27/2013	2927.71	-14.48%	24.93%	1.20%
S&P 500 Value	1644.72	7/31/2023	757.18	8/27/2013	1644.72	0.00%	15.96%	1.87%
S&P MidCap 400	2910.70	11/16/2021	1181.48	9/3/2013	2728.44	-6.26%	13.30%	1.60%
S&P MidCap 400 Growth	1427.19	11/16/2021	533.19	8/30/2013	1262.50	-11.54%	14.60%	1.34%
S&P MidCap 400 Value	932.50	2/2/2023	373.28	3/23/2020	897.08	-3.80%	11.92%	1.88%
S&P 100	2219.44	1/3/2022	729.71	8/27/2013	2142.10	-3.48%	26.51%	1.43%
DJIA	36799.65	1/4/2022	14776.13	8/27/2013	35559.53	-3.37%	8.55%	2.01%
Nasdaq 100	16573.34	11/19/2021	3059.58	8/27/2013	15757.00	-4.93%	44.70%	0.82%
Russell 2000	2442.74	11/8/2021	953.72	2/11/2016	2003.18	-17.99%	14.67%	1.55%
Russell 2000 Growth	1709.62	2/9/2021	573.10	2/11/2016	1290.37	-24.52%	18.85%	0.65%
Russell 2000 Value	2643.45	11/8/2021	1067.63	3/23/2020	2269.05	-14.16%	10.19%	2.42%
Russell 3000	2804.93	1/3/2022	975.75	8/27/2013	2643.69	-5.75%	20.32%	1.48%
MSCI World Net (ex U.S.) (USD)	7936.92	9/6/2021	4189.62	2/11/2016	7666.22	-3.41%	14.89%	3.25%
MSCI Emerging Markets Net (USD)	699.23	2/17/2021	296.25	1/21/2016	541.55	-22.55%	11.42%	2.85%
Ibovespa/Brazil (USD)	29488.46	1/2/2020	9077.09	1/21/2016	25719.86	-12.78%	22.29%	5.89%
RTS/Russia (USD)	1919.58	10/25/2021	628.41	1/20/2016	1057.43	-44.91%	13.93%	5.90%
S&P BSE 500/India (USD)	337.94	1/13/2022	95.89	9/3/2013	329.09	-2.62%	11.59%	1.31%
Shanghai Composite/China (USD)	832.07	6/12/2015	320.10	3/20/2014	460.76	-44.63%	5.33%	2.64%
KOSPI/South Korea (USD)	2.93	6/16/2021	1.16	3/19/2020	2.06	-29.68%	16.92%	1.92%
Hang Seng (USD)	4241.01	1/26/2018	1871.10	10/31/2022	2574.92	-39.29%	4.27%	3.59%
MSCI Euro (USD)	1705.00	9/6/2021	865.50	3/18/2020	1608.52	-5.66%	23.43%	3.25%
S&P 500 Consumer Discretionary	1673.27	11/19/2021	455.20	8/27/2013	1362.52	-18.57%	36.22%	0.86%
S&P 500 Consumer Staples	841.99	4/20/2022	403.32	8/28/2013	794.32	-5.66%	3.45%	2.51%
S&P 500 Energy	737.09	6/23/2014	179.94	3/18/2020	668.98	-9.24%	1.43%	3.78%
S&P 500 Utilities	394.81	9/12/2022	185.34	9/5/2013	340.62	-13.73%	-3.36%	3.21%
S&P 500 Financials	688.85	1/12/2022	261.50	8/30/2013	587.50	-14.71%	4.30%	1.79%
S&P 500 Banks	461.87	1/12/2022	180.19	2/11/2016	327.12	-29.17%	1.78%	3.24%
FTSE NAREIT All Equity REITs	980.08	12/31/2021	483.48	3/23/2020	730.29	-25.49%	4.97%	3.99%
S&P 500 Health Care	1664.59	4/8/2022	566.28	8/27/2013	1561.85	-6.17%	-0.48%	1.66%
S&P 500 Pharmaceuticals	1037.48	12/14/2022	437.51	8/27/2013	977.34	-5.80%	-1.89%	2.51%
NYSE Arca Biotechnology	6319.77	2/8/2021	1994.82	8/19/2013	5326.48	-15.72%	0.98%	0.25%
S&P 500 Information Technology	3207.29	7/18/2023	504.30	8/27/2013	3167.14	-1.25%	46.60%	0.80%
Philadelphia Semiconductor	4039.51	12/27/2021	451.22	8/27/2013	3861.63	-4.40%	53.60%	1.22%
S&P 500 Communication Services	288.46	9/1/2021	130.86	12/24/2018	230.64	-20.04%	45.70%	0.77%
S&P 500 Industrials	934.02	7/31/2023	379.90	8/30/2013	934.02	0.00%	13.38%	1.63%
S&P 500 Materials	569.63	12/31/2021	234.97	1/25/2016	539.48	-5.29%	11.41%	1.94%
Philadelphia Gold & Silver	167.76	4/14/2022	38.84	1/19/2016	127.06	-24.26%	6.21%	1.97%
Refinitiv/CC CRB Excess Return	329.59	6/9/2022	106.29	4/21/2020	282.18	-14.39%	1.60%	N/A
ICE BofA Perpetual Preferred	319.67	9/22/2021	179.47	8/19/2013	285.96	-10.55%	5.30%	7.09%
ICE BofA U.S. High Yield Constrained	522.13	12/28/2021	313.74	2/11/2016	495.44	-5.11%	6.93%	8.43%

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