

Monthly Market Summary

Market Update and Economic Developments

- The S&P 500 Index declined 1.59% in August, bringing its total year-to-date (YTD) return to 18.73%. While negative for the month, the S&P 500 continues to outpace U.S. small and mid-capitalization stocks as well as equity markets outside of the U.S. A strengthening U.S. Dollar in August also contributed to the outperformance of the S&P 500 relative to both International Developed and Emerging Market equities.
- Since the start of the COVID-19 pandemic, there has been a growing interest in "nearshoring" (bringing manufacturing closer to the U.S.). Factors such as the conflict in Ukraine, U.S.-China tensions, tariff implementations, etc. have fueled this shift in supply chain dynamics. These transformations are now visible in trade data. Notably, both Mexican and Canadian imports have exceeded Chinese imports, marking the first time since 2008 that China is not the U.S.'s leading source of goods imports.
- In July, the Consumer Price Index (CPI) rose 0.2%, matching June's increase. Shelter was responsible for 90% of the increase, with a 0.4% rise in July. In the last 12 months, CPI has increased 3.2%.



Benchmark Indexes: Large Cap = S&P 500; Mid Cap = Russell Mid Cap; Small Cap = Russell 2000; International Developed = MSCI EAFE; Emerging Markets = MSCI EM.



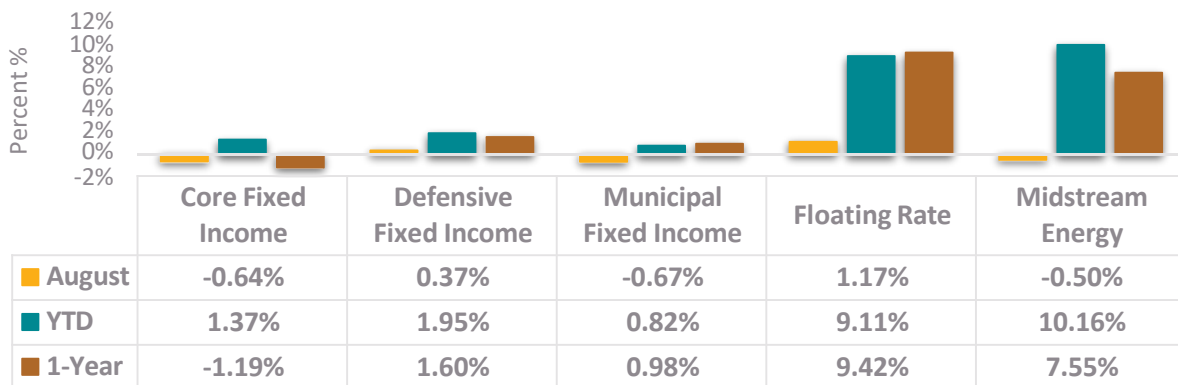
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Fixed Income Market Update and Other Assets

- Throughout the third quarter, the yield curve deepened its inversion, with a substantial 100 basis points (or 1%) gap between 2-year and 10-year treasury rates. This inversion has persisted for an entire year, suggesting expectations of declining rates in the coming months. However, there was discussion around further rate hikes at the Fed’s August meeting, as inflation remains well above its 2% target.
- The recent surge in risk assets has bolstered equity markets while narrowing credit spreads. Notably, lower-quality bonds outperformed as investors discounted the immediate threat of a recession. Core Fixed Income returned -0.64% in August.
- As of mid-August, total electricity production in the lower 48 states decreased by 2.1% compared to 2022. However, the generation from natural gas saw a significant increase of more than 10%, strengthening its position as the primary source of electricity in the country. Midstream energy returned -0.50% in August.

FIXED INCOME AND OTHERS



Domestic Fixed Income - Barclays US Agg; Municipal Bonds - Barclays 4-6 Yr Muni; High Yield - Barclays US Corp. HY; Floating Rate Corporate Loans - S&P/LSTA Leveraged Loan Index; Commodities - Bloomberg Commodity; MLPs - Alerian Midstream Energy.



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