

# Monthly Market Recap

Bill Winkeler, CFA, CFP®  
Chief Investment Officer



## Month in Review

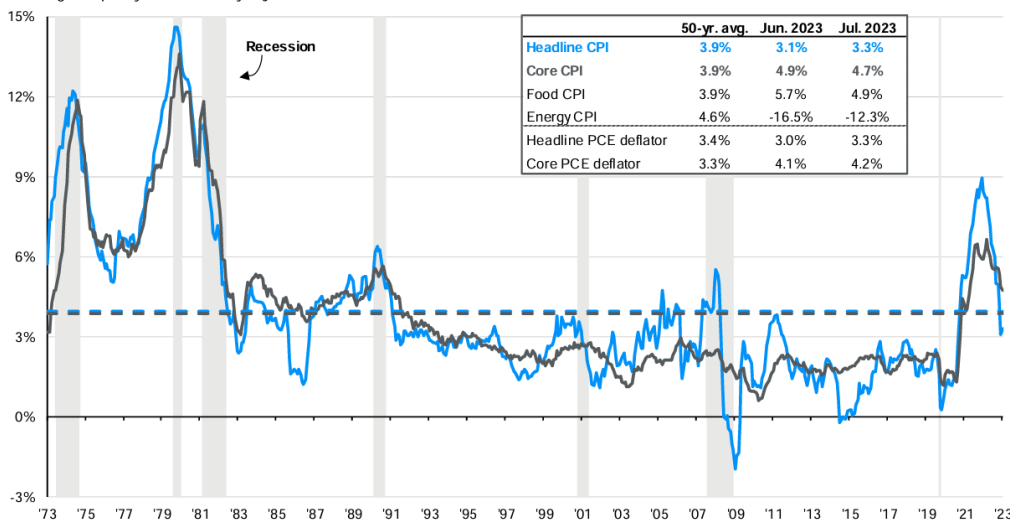
- Major stock indices broke a two-month streak of gains, with all major indices finishing down for the month.
- Growth companies regained favor after two months of value and small cap companies leading the market.
- Bond prices declined due to rising interest rates.

## Insight on Inflation

Despite the market volatility, evidence from July's inflation report suggests progress towards a "soft landing" scenario, where inflation is gradually decreasing, and the economy avoids a recession. In July, headline inflation was at +3.3%, year-over-year, down from its peak of 9.1% in June 2022. Unlike June 2022, supply chains and goods have largely normalized, with wages and services being the key drivers of inflation today.

### CPI and core CPI

% change vs. prior year, seasonally adjusted



Source: BLS, FactSet, J.P. Morgan Asset Management. CPI used is CPI-U and values shown are % change vs. one year ago. Core CPI is defined as CPI excluding food and energy prices. The Personal Consumption Expenditure (PCE) deflator employs an evolving chain-weighted basket of consumer expenditures instead of the fixed-weight basket used in CPI calculations. Guide to the Markets – U.S. Data as of August 31, 2023.

## What's on Deck for September?

- The August jobs report supplied additional evidence towards a "soft landing" outcome – more people joined the workforce while wage growth slowed, indicating steady but slower economic growth.
- A "soft landing" could lead to the Federal Reserve not needing to raise interest rates as high as previously predicted, potentially benefiting stocks and bonds.
- Investors will now pay close attention to the September and November Federal Reserve meetings for clues about future rate hikes or general shifts in policy.