

Hi {Firstname},

Positive inflation data failed to lift stocks from their August doldrums last week as economic data and a ratings downgrade soured investor sentiment.

The Dow Jones Industrial Average added 0.62%, while the Standard & Poor's 500 slipped 0.31%. The Nasdaq Composite index fell 1.90% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, rose 0.50%.^{1,2,3}

MARKET INSIGHTS

Market Index	Close	Week	Y-T-D
DJIA	35,281.40	+0.62%	+6.44%
NASDAQ	13644.85	-1.90%	+30.37%
MSCI-EAFE	2,153.95	+0.50%	+10.80%
S&P 500	4,464.05	-0.31%	+16.27%



Treasury	Close	Week	Y-T-D
10-Year Note	4.16%	+0.11%	+0.28%

Sources: The Wall Street Journal, August 11, 2023; Treasury.gov, August 11, 2023
Weekly performance for the Dow Jones Industrial Average, Standard & Poor's 500 Index, and NASDAQ Composite Index is measured from the close of trading on Friday, August 4, to Friday, August 11 close. Weekly performance for the MSCI-EAFE is measured from Friday, August 4, open to Thursday, August 10 close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

Tech Weighs on Stocks

Stocks struggled last week, beginning on a strong note ahead of key inflation data and selling off mid-week in response to a downgrade of the banking sector by credit rating agency Moody's and news of a steep drop in China's exports. Emblematic of the week, stocks jumped to big gains following Thursday's better-than-expected inflation report, only to evaporate as bond yields rose amid an auction of 30-year Treasury bonds.

Stocks have had difficulty sustaining traction with the loss of the technology's leadership, which has propelled gains this year. The combination of higher yields and earnings that failed to validate tech's elevated valuations has dragged the sector and the larger market.

Subdued Inflation

July's inflation data reflected only moderate price pressures. Consumer prices increased by a modest 0.2%, which aligned with market expectations. In comparison, the annual inflation rate came in at 3.2%, slightly below consensus estimates—though higher than June's annual increase of 3.0%. Core CPI (excludes food and energy) was particularly encouraging, rising at the slowest rate since October 2021.⁴

Producer prices painted a more mixed picture, coming in a bit higher than expected, rising 0.3% versus the expected 0.2% increase, though the year-over-year increase was just 0.8%. Core producer prices' 12-month increase of 2.4% tied for the lowest since January 2021.⁵

This Week: Key Economic Data

- Tuesday:** Retail Sales.
- Wednesday:** Housing Starts. Industrial Production. FOMC Minutes.
- Thursday:** Index of Leading Economic Indicators. Jobless Claims.

Source: Econoday, August 11, 2023
The Econoday economic calendar lists upcoming U.S. economic data releases (including key economic indicators), Federal Reserve policy meetings, and speaking engagements of Federal Reserve officials. The content is developed from sources believed to be providing accurate information. The forecasts or forward-looking statements are based on assumptions and may not materialize. The forecasts also are subject to revision.

This Week: Companies Reporting Earnings

- Tuesday:** The Home Depot, Inc. (HD)
- Wednesday:** Cisco Systems, Inc. (CSCO), Target Corporation (TGT), The TJX Companies, Inc. (TJX)
- Thursday:** Walmart, Inc. (WMT), Applied Materials, Inc. (AMAT), Ross Stores, Inc. (ROST)
- Friday:** Palo Alto Networks, Inc. (PANW), Deere & Company (DE)

Source: Zacks, August 11, 2023
Companies mentioned are for informational purposes only. It should not be considered a solicitation for the purchase or sale of the securities. Investing involves risks, and investment decisions should be based on your own goals, time horizon, and tolerance for risk. The return and principal value of investments will fluctuate as market conditions change. When sold, investments may be worth more or less than their original cost. Companies may reschedule when they report earnings without notice.

FOOD FOR THOUGHT

"When things go wrong, you'll find they usually go on getting worse for some time; but when things once start going right they often go on getting better."

– C.S. Lewis

TAX TIP

Is child support or alimony considered taxable income?

Child support payments are not taxable income for the recipient or tax-deductible for the payer. Therefore, you should not include child support payments when calculating gross income for tax purposes.

On the other hand, alimony payments may be taxable income for the recipient and tax-deductible for the payer depending on the specific divorce or separation instrument. For divorce or separation instruments executed on or before December 31, 2018, alimony payments are generally taxable income for the recipient and tax-deductible for the payer. However, for divorce or separation instruments executed after December 31, 2018, or those executed before that date but later modified to repeal the deduction for alimony expressly, the payments are neither taxable income nor tax-deductible. In either case, when determining gross income for tax purposes, alimony payments received should be included or excluded based on the specific instrument.

**This information is not intended to substitute for specific individualized tax advice. We suggest you discuss your specific tax issues with a qualified tax professional.*

Tip adapted from IRS.gov⁶

HEALTHY LIVING TIP

3 Yoga Poses for Beginners

The first pose is Downward-Facing Dog, used in most yoga practices. In it, you stack your arms under your shoulders, and your bottom is in the air with your back legs straight. Your body is in the shape of an upside-down "V."

The next is Crescent Lunge. Stand in a forward lunge with one foot in front and bent. Your back leg is straight. Now, raised in your front leg, reach over your head; you often see this pose used in yoga flow classes.

Last, we have the Triangle pose. Step your feet apart (wider than your shoulders). Then, hinge at your hip and lean over your front leg. Reach down with the same arm in front and rest it on the floor or a yoga block.

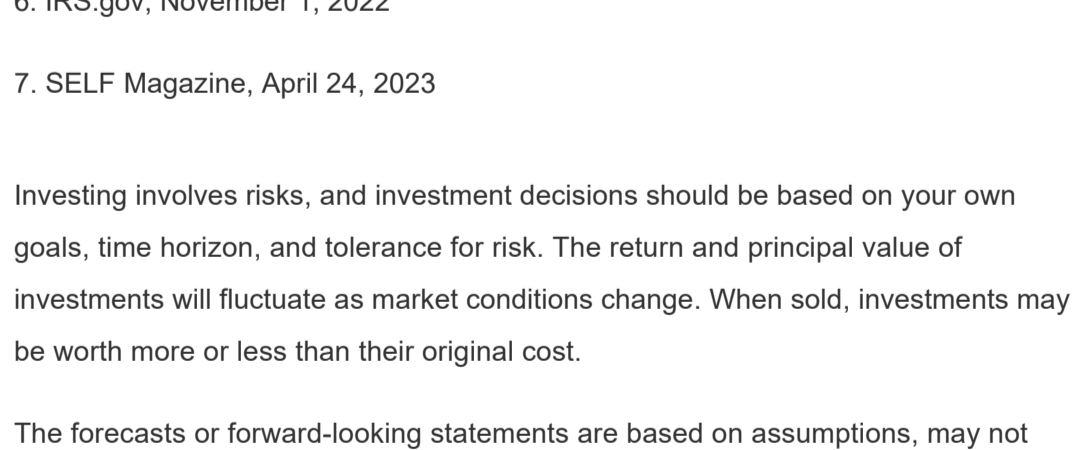
Tip adapted from SELF Magazine⁷

WEEKLY RIDDLE

A man tells a friend that he married three women yesterday, which was legal. In fact, it was routine. How can he make such a statement?

Last week's riddle: What has three feet yet cannot run or walk? Answer: A yard.

PHOTO OF THE WEEK



Muizenberg Beach, Cape Town, South Africa

Footnotes and Sources

- The Wall Street Journal, August 11, 2023
- The Wall Street Journal, August 11, 2023
- The Wall Street Journal, August 11, 2023
- CNBC, August 10, 2023
- CNBC, August 11, 2023
- IRS.gov, November 1, 2022
- SELF Magazine, April 24, 2023

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The market indexes discussed are unmanaged, and generally, considered representative of their respective markets. Index performance is not indicative of the past performance of a particular investment. Indexes do not incur management fees, costs, and expenses. Individuals cannot directly invest in unmanaged indexes. Past performance does not guarantee future results.

The Dow Jones Industrial Average is an unmanaged index that is generally considered representative of large-capitalization companies on the U.S. stock market. Nasdaq Composite is an index of the common stocks and similar securities listed on the NASDAQ stock market and is considered a broad indicator of the performance of technology and growth companies. The MSCI EAFE Index was created by Morgan Stanley Capital International (MSCI) and serves as a benchmark of the performance of major international equity markets, as represented by 21 major MSCI indexes from Europe, Australia, and Southeast Asia. The S&P 500 Composite Index is an unmanaged group of securities that are considered to be representative of the stock market in general.

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International investments carry additional risks, which include differences in financial reporting standards, currency exchange rates, political risks unique to a specific country, foreign taxes and regulations, and the potential for illiquid markets. These factors may result in greater share price volatility.

Please consult your financial professional for additional information.

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