

Providing Context on Recent Market Volatility

Brian Puckett, JD, CPA/PFS
Certified Financial Planner™

Dennis Packard
Certified Financial Planner™

Kevin Brown
Certified Financial Planner™

800.401.6477
info@alignmywealth.com
www.alignmywealth.com

Monthly Market Summary

- After a summer rally, both stocks and bonds fell in August.
- US equities dropped 4% in August after having rallied more than 17% from their summer low.
- Interest rates rose higher last month—resulting in a 2.8% loss for US core bonds.
- Stock and bond prices fell following Fed Chair Jerome Powell’s Jackson Hole speech.

Stock & Bond Markets Endure a Bumpy August After July’s Gains

The S&P 500 produced a -4.1% return during August, but the headline number does not tell the whole story. Stock markets initially rallied during the first half of the month, with the S&P 500 gaining +4.2% through August 16 as July’s market rally continued. However, the second half of August marked a reversal as the S&P 500 gave back all its gains. Bond markets also experienced a setback during August as interest rates increased and bond prices fell. The increased volatility across stock and bond markets is attributed to a wide range of investor views creating a tug-of-war effect. The only absolute certainty is that global central banks remain laser-focused on taming inflation - even at the risk of slowing economic growth.

Fed Chair Pushes Back Against Policy Pivot

At the August Jackson Hole meeting, Fed Chair Powell emphasized the central bank’s “overarching focus right now is to bring inflation back down to our 2 percent goal.” Powell cautioned, “Reducing inflation is likely to require a sustained period of below-trend growth ... [and] will also bring some pain to households and businesses.” Powell said, “There is clearly a job to do ..., and we are committed to doing that job.”

Markets are now pricing in a 70% likelihood of a .75% hike in September, followed by a .50% hike in November and a .25% hike in December, bringing the year-end fed funds rate to 3.75% - 4.00%. Against this backdrop, investors should be prepared for near-term volatility and stick to well-diversified portfolios with a tilt toward more defensive value stocks and high-quality bonds.

Thanks for Taking a Look!


Brian Puckett, CFP®


Dennis Packard, CFP®

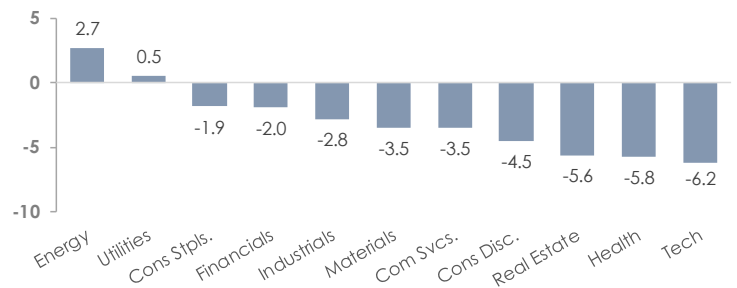
THIS MONTH IN NUMBERS

FIGURE 1
U.S. Style Returns (August in %)

	Value	Blend	Growth
Large	-3.0	-4.1	-4.7
Mid	-3.1	-3.1	-3.3
Small	-3.1	-2.0	-0.9

Data Reflects Most Recently Available As of 8/31/2022

FIGURE 2
U.S. Sector Returns (August in %)



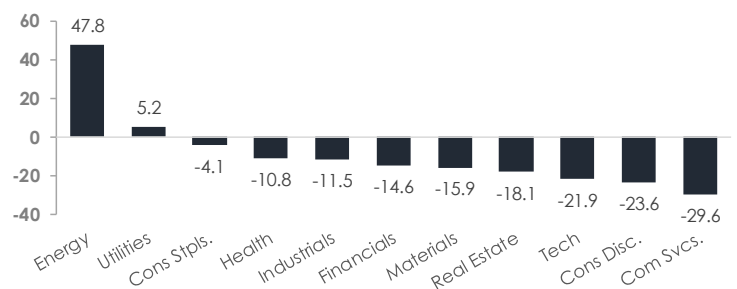
Data Reflects Most Recently Available As of 8/31/2022

FIGURE 3
U.S. Style Returns (YTD in %)

	Value	Blend	Growth
Large	-9.9	-16.2	-23.3
Mid	-12.0	-16.6	-25.2
Small	-12.2	-17.1	-22.2

Data Reflects Most Recently Available As of 8/31/2022

FIGURE 4
U.S. Sector Returns (YTD in %)



Data Reflects Most Recently Available As of 8/31/2022

FIGURE 5
Market Data Center

Stocks	Level	1 month	3 months	YTD	1 year	3 years	Dividend Yield	NTM P/E	P/B
S&P 500	3,955	-4.1%	-3.9%	-16.2%	-11.2%	41.0%	1.51%	17.1x	4.0x
Dow Jones	31,510	-3.8%	-4.0%	-12.0%	-9.1%	26.2%	1.92%	16.1x	4.3x
Russell 2000	4,583	-2.0%	-0.7%	-17.1%	-17.8%	27.4%	1.21%	18.5x	2.1x
Russell 1000 Growth	1,552	-4.7%	-1.7%	-23.3%	-19.1%	49.1%	0.70%	22.9x	10.2x
Russell 1000 Value	909	-3.0%	-5.6%	-9.9%	-6.3%	27.5%	1.91%	13.3x	2.4x
MSCI EAFE	1,217	-6.1%	-9.7%	-19.7%	-19.8%	7.8%	4.85%	12.1x	1.6x
MSCI EM	59,911	-1.3%	-6.7%	-18.5%	-22.7%	5.6%	2.79%	11.2x	1.7x
NASDAQ 100	12,272	-5.1%	-2.8%	-24.5%	-20.7%	62.4%	0.62%	22.0x	6.8x

Fixed Income	Yield	1 month	3 months	YTD	1 year	3 years
U.S. Aggregate	3.96%	-3.0%	-2.1%	-10.6%	-11.5%	-5.6%
U.S. Corporates	4.80%	-4.4%	-3.8%	-16.1%	-16.9%	-7.2%
Municipal Bonds	3.76%	-2.4%	-1.7%	-8.0%	-8.0%	-2.2%
High Yield Bonds	8.35%	-4.3%	-5.1%	-11.8%	-11.3%	-1.1%

Key Rates	8/31/2022	7/31/2022	5/31/2022	2/28/2022	8/31/2021	8/31/2019
2 yr Treasury	3.44%	2.90%	2.54%	1.43%	0.20%	1.50%
10 yr Treasury	3.13%	2.64%	2.84%	1.84%	1.30%	1.50%
30 yr Treasury	3.25%	2.98%	3.05%	2.19%	1.93%	1.96%
30 yr Mortgage	5.89%	5.40%	5.35%	4.30%	3.03%	3.69%
Prime Rate	5.50%	5.50%	4.00%	3.25%	3.25%	5.25%

Commodities	Level	1 month	YTD
Oil (WTI)	89.01	-9.7%	18.3%
Gasoline	2.99	-8.7%	34.3%
Natural Gas	9.16	11.3%	157.4%
Propane	1.09	-4.6%	5.3%
Ethanol	2.58	3.6%	5.1%
Gold	1,718	-3.6%	-6.1%
Silver	17.63	-12.7%	-24.5%
Copper	3.55	-1.1%	-20.4%
Steel	780	-8.8%	-45.6%
Corn	6.70	8.0%	12.9%
Soybeans	15.15	-9.3%	15.4%

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