

# July 2022 Market Update

All asset classes rebounded sharply in July with U.S. stocks up 9.3%, international stocks up 3.6%, bonds up 2.5% and real estate up 8.6%. On a year-to-date basis, US stocks, international stocks, and real estate are all down 13% to 15% and bonds are down 7.9%.

Monthly CPI for June, released July 13<sup>th</sup>, was 1.3% vs 1.1% expected. Annual CPI was 9.1% vs. 8.9% expected. The Fed responded to the strong CPI numbers with a 75 bp rate hike on July 27<sup>th</sup>. The European Central Bank raised rates 50bps on July 21<sup>st</sup>, from -0.50% to 0.0%.

Markets reflect increasing confidence that both the economy and inflation will slow quickly forcing the Fed to reduce interest rates by the end of 2023. In July, 2-year Treasury rates went from 2.92% to 2.89% and 10-year Treasuries dropped 31 bps from 2.98% to 2.67%.

With the July rally, we are neutral on risk.

**Table 1: Benchmark Index ETF Performance as of July 31, 2022**

Benchmark Index	1 Mo	3 Mo	YTD	5 Yr Ann
U.S. Stocks	9.3%	0.1%	-14.0%	12.1%
International Stocks	3.6%	-3.2%	-14.8%	2.8%
U.S. Bonds	2.5%	1.7%	-7.9%	1.3%
U.S. Real Estate	8.6%	-4.2%	-13.7%	7.2%

**Table 2: Vanguard Asset Allocation Benchmarks as of July 31, 2022**

Vanguard Fund: % Stock/% Bond mix	1 Mo	3 Mo	YTD	5 Yr Ann
LifeStrategy Growth Fund: 80/20	6.1%	-0.9%	-13.2%	7.0%
LifeStrategy Moderate Growth Fund: 60/40	5.3%	-0.4%	-11.8%	5.7%
LifeStrategy Conservative Growth Fund: 40/60	4.4%	0.1%	-10.5%	4.3%

**Chart 1: Year-to-Date Market Performance as of July 31, 2022**

