

August 2022 Market Update

August was a volatile month as U.S. stocks rallied 4.8% through the 16th only to tumble in the second half of the month to finish down 3.7%. Much of the loss came after FOMC Chairman Jay Powell gave a short speech at Jackson Hole, reiterating the Fed’s resolve to do whatever is necessary to bring inflation under control. Bonds gave up 3.0% as the 2-year increased 56 bps from 2.89% to 3.45% and the 10-year increased 48 bps from 2.67% to 3.15%. International stocks were down 4.5% and real estate dropped 6.0%.

July’s CPI release, on August 10th, provided encouraging news as month-over-month inflation was flat. Year-over-year inflation came down to 8.5% from 9.1%.

While economic news was encouraging, on August 16th President Biden signed the “Inflation Reduction Act” which, despite it’s name, may actually provide slight additional fiscal stimulus. Also in August, Biden forgave student loan debt, another stimulative action.

We remain neutral on risk.

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

Benchmark Index	1 Mo	3 Mo	YTD	5 Yr Ann
U.S. Stocks	-3.7%	-3.4%	-17.2%	11.2%
International Stocks	-4.5%	-8.9%	-18.6%	1.8%
U.S. Bonds	-3.0%	-2.1%	-10.7%	0.4%
U.S. Real Estate	-6.0%	-5.5%	-18.9%	5.9%

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

Vanguard Fund: % Stock/% Bond mix	1 Mo	3 Mo	YTD	5 Yr Ann
LifeStrategy Growth Fund: 80/20	-3.7%	-4.9%	-16.4%	6.1%
LifeStrategy Moderate Growth Fund: 60/40	-3.5%	-4.2%	-14.9%	4.8%
LifeStrategy Conservative Growth Fund: 40/60	-3.4%	-3.5%	-13.5%	3.5%

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

