

S&P 500 Nears All-Time High

Monthly Market Summary

- The S&P 500 Index gained 3.3% in July but underperformed the Russell 2000 Index's 6.1% increase. All eleven S&P 500 sectors traded higher, led by the Energy, Communication Service, and Financial sectors.
- Corporate investment grade bonds produced a 0.1% total return in July, underperforming corporate high yield bonds' 1.1% total return.
- The MSCI EAFE Index of developed market stocks rose by 2.7%, underperforming the MSCI Emerging Market Index's 6.0% return.

S&P 500 Trades Toward its All-Time Closing High from January 2022

The S&P 500 extended its winning streak to five months in July, bringing its year-to-date total return to 20.5%. The S&P 500 has now recovered most of its losses from 2022 and is currently trading less than 5% below its all-time closing high set in January 2022. On a related note, the Dow Jones Industrial Average, which tracks 30 prominent U.S. companies, recorded a 13-day winning streak in July – its longest since 1987. Like the S&P 500, the Dow Jones is also trading less than 5% below its all-time closing high, set back in January 2022.

What is fueling the stock market's gains? In a word: expectations. The U.S. economy has defied expectations for a recession with jobs growth, consumer spending, and corporate earnings remaining resilient despite higher interest rates. The recent downward trend in inflation data is adding to the optimism, with investors hopeful that the Federal Reserve can achieve a soft landing or potentially avoid a recession altogether.

Despite the favorable trends in the first half of 2023, there is concern that the Fed may need to keep raising interest rates due to recent increases in home prices and commodity prices.

Gasoline Prices Rise to a 3-Month High, Prompting Inflation Concerns

Gasoline prices are rising again, sparking concerns among consumers and central bankers alike. According to AAA, the national average price for a gallon of regular gasoline reached a three-month high of \$3.75 on July 31st. The recent rise in oil prices is driving this increase, with West Texas Intermediate crude hitting \$80 per barrel. Other contributing factors include supply cuts by OPEC and Russia, extreme heat disruptions at refineries that are leading to lower gasoline inventories, and overall optimism about the global economy and demand for oil.

While current prices are still below the level of \$4.22 per gallon one year ago, the rise in fuel costs could slow the Fed's progress in curbing inflation and may even require additional interest rate hikes by the central bank. Markets will pay close attention to the energy and overall commodity markets in the upcoming months as the situation unfolds.

THIS MONTH IN NUMBERS

FIGURE 1

U.S. Style Returns (July in %)

	Value	Blend	Growth
Large	3.5	3.3	3.4
Mid	4.4	3.9	3.0
Small	7.4	6.1	4.7

Data Reflects Most Recently Available As of 7/31/2023

FIGURE 3

U.S. Style Returns (YTD in %)

	Value	Blend	Growth
Large	8.7	20.5	33.3
Mid	9.7	13.2	19.3
Small	10.0	14.6	18.8

Data Reflects Most Recently Available As of 7/31/2023

FIGURE 5

Market Data Center

Stocks	1 month	3 months	6 months	YTD	1 year	3 years
S&P 500	3.3%	10.5%	13.4%	20.5%	12.7%	45.7%
Dow Jones	3.5%	4.8%	5.3%	8.4%	10.2%	41.4%
Russell 2000	6.1%	13.7%	4.4%	14.6%	7.6%	39.6%
Russell 1000 Growth	3.4%	15.5%	23.0%	33.3%	16.9%	40.1%
Russell 1000 Value	3.5%	6.1%	3.3%	8.7%	7.9%	46.9%
MSCI EAFE	2.7%	2.9%	5.9%	15.4%	15.7%	30.3%
MSCI EM	6.0%	8.0%	2.2%	11.5%	7.2%	3.3%
NASDAQ 100	3.9%	19.1%	30.6%	44.5%	22.3%	46.5%

Fixed Income	Yield	1 month	3 months	YTD	1 year	3 years
U.S. Aggregate	4.85%	0.0%	-1.5%	2.3%	-3.5%	-12.5%
U.S. Corporates	5.56%	0.1%	-0.9%	4.3%	-2.4%	-14.5%
Municipal Bonds	3.99%	0.0%	-0.1%	2.3%	0.5%	-2.9%
High Yield Bonds	8.41%	1.1%	1.6%	5.6%	2.0%	2.2%

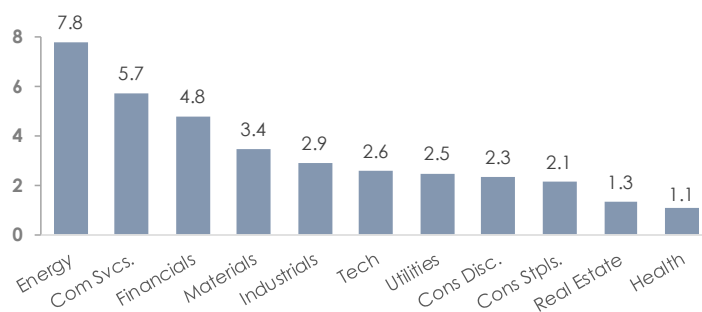
Key Rates	7/31/2023	6/30/2023	4/30/2023	1/31/2023	7/31/2022	7/31/2020
2 yr Treasury	4.86%	4.87%	4.06%	4.21%	2.90%	0.10%
10 yr Treasury	3.95%	3.81%	3.45%	3.53%	2.64%	0.54%
30 yr Treasury	4.02%	3.85%	3.67%	3.66%	2.98%	1.20%
30 yr Mortgage	7.26%	7.15%	6.85%	6.47%	5.28%	3.09%
Prime Rate	8.50%	8.25%	8.00%	7.50%	5.50%	3.25%

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FIGURE 2

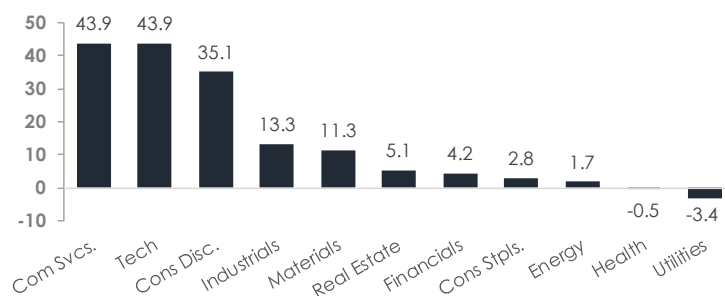
U.S. Sector Returns (July in %)



Data Reflects Most Recently Available As of 7/31/2023

FIGURE 4

U.S. Sector Returns (YTD in %)



Data Reflects Most Recently Available As of 7/31/2023

	Dividend Yield	NTM P/E	P/B
S&P 500	1.42%	19.4x	4.0x
Dow Jones	1.89%	17.8x	4.3x
Russell 2000	1.42%	22.2x	1.9x
Russell 1000 Growth	0.73%	27.3x	10.2x
Russell 1000 Value	2.02%	15.0x	2.3x
MSCI EAFE	2.12%	13.3x	1.7x
MSCI EM	2.13%	12.6x	1.6x
NASDAQ 100	0.56%	25.9x	6.5x

Commodities	Level	1 month	YTD
Oil (WTI)	81.80	15.8%	1.9%
Gasoline	2.91	20.8%	13.0%
Natural Gas	2.63	-5.0%	-35.8%
Propane	0.74	37.3%	-4.6%
Ethanol	2.44	-0.9%	10.9%
Gold	2,009	4.1%	10.0%
Silver	24.97	8.5%	3.9%
Copper	3.99	6.8%	5.0%
Steel	825	-10.1%	10.9%
Corn	5.13	3.7%	-24.4%
Soybeans	14.31	-5.0%	-4.4%