



Benchmark Returns as of August 31, 2023

	For the Month	Year-to-Date		For the Month	Year-to-Date
S&P 500	-1.59%	18.73%	Bloomberg Aggregate Bond Index	-0.64%	1.37%
Dow Jones Industrial Average	-2.01%	6.37%	Developed International	-4.50%	9.22%
Nasdaq	-2.05%	34.88%	Emerging Markets	-6.13%	4.86%

Visitors to Jackson Hole, Wyoming may be met with the colloquial greeting of "Howdy Stranger," but investors are no strangers to the Economic Policy Symposium that is held there each August. This year's 46th annual gathering – focused on "Structural Shifts in the Global Economy" – was highly anticipated and arguably the highlight of the month.



Federal Reserve Chair Jerome Powell's August 25th speech at the event did not reveal any significant changes to the Fed's policy outlook but did provide several key takeaways:

- The rate hiking cycle that began in March 2022 will continue to impede economic growth.
- There is evidence of long-delayed cooling in the labor market.
- Progress on reducing inflation may face near-term challenges.

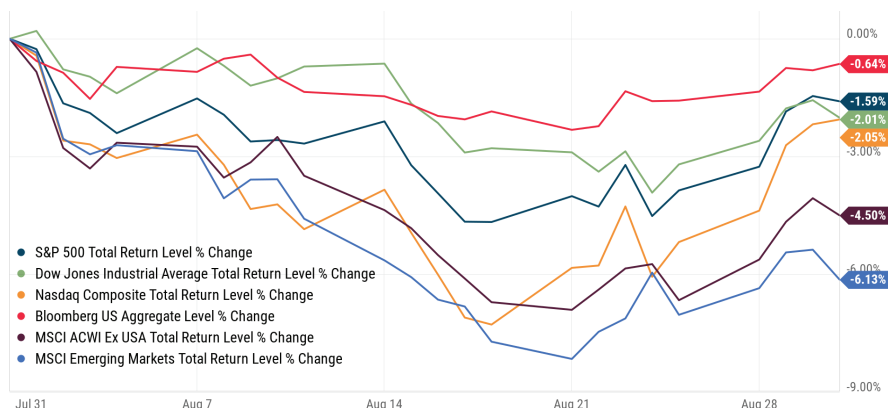
On balance, the speech seemed to support stocks' move upward from losses that began on August 1st when Fitch Ratings announced a downgrade of US Treasuries' credit rating from AAA to AA+. Signs of stubborn inflation from the July Consumer Price Index released on August 10th intensified intra-month losses. Specifically, the July all-items CPI increased to 3.2% year-over-year from June's 3.0% annual rate.

The second quarter earnings season largely wrapped up this month with FactSet noting that S&P 500 earnings declined 4.1%, the third straight year-over-year decrease. Is this the bottom of this earnings cycle? Both FactSet and

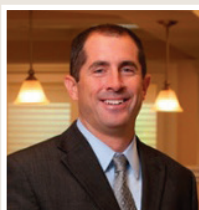
LSEG I/B/E/S (formerly known as Refinitiv) calculate that analysts expect earnings growth to resume in the second half of 2023.

As the month ended with major indices giving back some of their year-to-date gains, the August labor report released on September 1st showed that the US economy added 187,000 jobs. There were downward revisions to payroll numbers for June and July and an increase in the unemployment rate to 3.79%. Following the report, the futures-based odds of the FOMC holding interest rates steady at their September 19 - 20 meeting rose to 93% from 89% before its release.

As we say "Happy Trails" to summer, two topics that will be top of mind for investors in the month ahead are the United Auto Workers contract negotiations and the US budget resolution. The current UAW contract expires on September 14th and a strike could impact economic growth, earnings for automakers, and induce fears of wage-led inflation pressures. On the budget resolution, there is vocal opposition in Washington to a continuing resolution which threatens a government shutdown on October 1st. As always, we will be monitoring these issues on behalf of our clients.



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