



Basis Points – August 17, 2023

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Market Rally Taking a Pause

After an incredible start so far in 2023, stocks have been relatively soft in August. Treasury yields pushed higher, cooling mega-cap growth shares, which are generally sensitive to interest rate movements. Several market sectors ended the week lower, with Information Technology (-4.3%) and Consumer Discretionary (-2.3%) falling the furthest, while Energy (+3.6%) and Health Care (+2.1%) advanced the most. Despite a soft start in August, the S&P 500 is still up over 17% this year.

Inflation Driven by Shelter Costs

The consumer price index (CPI) rose 0.2% in July, the same increase as in June. For the 12 months that ended in July, CPI rose 3.2%, compared to 3.0% for June. Consumer prices less food and energy (Core CPI) also advanced 0.2%, matching the June increase. Year over year, Core CPI dipped 0.1% to 4.7%. Shelter was the largest contributor accounting for over 90% of the increase.

Disney Joins Streaming Services Struggling

Disney missed analysts' expectations for revenue and earnings per share in the third quarter of fiscal 2023. The company's streaming business, Disney+, added fewer subscribers than expected in the quarter. Disney's other businesses also underperformed expectations.

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