

## CONSUMER REMAINS STRONG IN AUGUST WHILE MARKET VOLATILITY CONTINUES

In August, stocks and bonds declined with the S&P 500 Index falling 4% and the Bloomberg US Aggregate Bond Index losing 3%. Out of 11 S&P 500 sectors, all but two, Energy and Utilities, decreased in the month; Information Technology and Health Care stocks fell the most at approximately 6%. With a 3% gain, Energy stocks topped sector performance.

From August 1 through August 25, stocks in the S&P 500 rose nearly 2%. However, equities began their decline in the last four days following Federal Reserve Chair Jerome Powell's statement that the Fed would continue raising rates until inflation was under control. As of July 2022, inflation remains elevated, with the Consumer Price Index rising 8.5% over the past year.<sup>1</sup>

On a year-to-date basis, growth stocks have fallen more than their value peers. From January through August, the Russell 1000 Growth Index fell 23%, while the Russell 1000 Value Index has only declined 10%.

Despite the volatility in stock and bond prices in 2022, the consumer remains strong. In August, U.S. nonfarm payrolls increased by 315,000 and the unemployment rate remains low at 3.7%. The labor force participation rate rose to 62.4%, which is the highest since March 2020, and average hourly earnings are up 5% compared to the previous year.<sup>2</sup> The national average price for gas is \$1 cheaper than its peak in mid June, and with lower gas prices, consumers are feeling more confident in the economy. The Conference Board Consumer Sentiment Index increased in August after three months of worsening sentiment.<sup>3</sup>

<sup>1</sup> U.S. Bureau of Labor Statistics

<sup>2</sup> U.S. Bureau of Labor Statistics

<sup>3</sup> CNN Business

*Advisory services offered through Jemma Investment Advisors, LLC. No content published here constitutes a recommendation of any particular investment, security, a portfolio of securities, transaction or investment strategy.*

*To the extent any of the content published may be deemed to be investment advice, such information is impersonal and not tailored to the investment needs of any specific person. Consult your advisor about what is best for you.*

*In addition, no content published here should be construed as professional, legal or tax advice. To determine your individual tax situation and specific needs, please consult a professional tax advisor.*

**Past performance is no guarantee of future results.**

Jemma Financial Services | Copyright 2022



While we don't know how markets will perform going forward, we encourage investors to focus on the long term and stay invested to capture the best days in the market.

Consider this: Over the past 20 years that ended August 31, 2022, the average annualized return for the S&P 500 was 9.7%. Yet if you were not invested during the 10 best days of the entire period, the return falls to 5.5%.

At Jemma Financial, we believe that individuals of all financial means and circumstances should feel confident making informed and smart decisions. We work hard to make sure our clients understand their financial situation and how our recommendations fit their individual circumstances. No matter where you are on your financial journey, Jemma is here to help you accomplish your goals.



**KATHARINE DUDLEY, AIF®**

Vice President, Client Advisor

**443.279.2007**

**[jemmafincial.com](http://jemmafincial.com)**