



# PRECISION

## Financial Services, Inc.

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## September Market Update

A highly-expected, ready-to-cut Fed at the upcoming September policy meeting dominated headlines in August after a quick volatility spike courtesy of the Japanese Yen carry trade unwind. Markets look to lower interest rates as a win.

### Major Stock Indexes

Inflation readings during August supported the Fed's broadcasted ambitions, with CPI, PPI, and the Core PCE Price Index cooperating.

For the month of September, the S&P 500 rose by [2.28%](#), the Nasdaq 100 shed [1.10%](#) and the Dow Jones Industrial Average dominated the week's trading and closed at a fresh all-time monthly closing high—higher by [1.76%](#) in August.

### Consumer Pricing Cools

The cooling inflation theme continued in August, with supportive data adding to the case for a Fed victory and further heightening the case for rate cuts to come. September looks like a near certainty for [the first rate cut](#)—it's simply a matter of whether it will be 25 or 50 basis points.

Consumer Price Index data showed continued cooling for the month, with the annual inflation rate slowing to 2.9%—the [lowest since 2021](#).

### Government Bond Yields Fall

The benchmark 10-year note yield fell for the fourth consecutive month during August, falling by approximately 19.8 basis points and settling at [3.912%](#) on the final day of trade in August.

As bond yields fall, bond prices rise. The recent drop in interest rates has been a boon for fixed-income investors who have held bonds for an extended period, and for those who decided to dip their toes over the last year amidst higher interest rates.

While the rising interest rates of 2022 and 2023 seemed a bit uncomfortable and foreign to many investors, let's not forget that 10-year note yields have been much higher in the not-so-distant past. 30-year mortgage rates [exceeded 17%](#) in '81 and '82.

## Labor Market Data – Revision in Focus

The most recent jobs report showed that employers added 114K jobs in July, a sharp slowdown from June. Unemployment [increased to 4.3%](#), indicating some slowdown in the labor market as a whole.

## The Takeaway

August was a volatile month in the beginning; fast forward a bit, however, and the volatility dissipated swiftly. As September gets going, keep in mind that it's historically the most volatile month of each year. The fresh month and fall season moving in could create some urgency on some trade desks during this election year.

Long-term investors will experience multiple cycles of expansion and contraction over a lifetime. Depending on one's goals, there may be alternative opportunities in fixed-income, while for others, simply staying the course may be suitable. Remember to think long-term.

With this monthly overview in mind, if you have been considering your options in the financial markets or have questions, please feel free to reach out to your advisor anytime.

Hoping you have a wonderful September!

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