

Financial markets lived up to their reputation during the month of August, which has a record for being difficult. On the first day of August, markets had to contend with a downgrade of U.S. long-term debt by the rating agency, Fitch. They attributed the adjustment to the "expected fiscal deterioration over the next three years, a high and growing general debt burden, and the erosion of governance." Many financial leaders characterized the downgrade as "ridiculous," but the stock and bond markets still felt the effects.

Another setback for markets came from Moody's, an important credit agency. They issued a credit downgrade for 10 small-to-medium-sized banks and 11 larger banks, with a warning of increasing financial risks in the form of higher interest rates, escalating funding costs, and rising risks from banks' commercial real estate holdings.

Still, despite the credit-related downgrades, markets were able to navigate their way through the ongoing debate of the country's financial strength. Better than expected earnings reports, coupled with an optimistic outlook, helped underscore the overall durability of corporate America. That durability showed up in a couple of ways:

- The unemployment rate in the U.S. was at a multi-decade low of 3.5%, so consumer spending has remained resilient. Back-to-school shopping was strong, which is a positive signal for holiday sales.
- The housing market defied higher mortgage rates, as the low inventory of houses on the market supported elevated prices. The National Association of Realtors' chief economist noted that with a strong labor market, the pool of prospective buyers has been enlarged, but with rising mortgage rates and limited inventory, the possibility of home purchases may be "hindered for many."

Resilience aside, the market still experienced some volatility with a pullback in the stock market and high bond yields—specifically the 10-year Treasury. Reports of consumer confidence and the number of available job openings also came in softer than expected, which helped alter expectations that the Federal Reserve (Fed) would raise rates again this year. Although the debate over the need for another rate hike continues as the Fed monitors incoming data, the equity markets responded decisively and resumed their march higher at the end of the month.

So where does that leave the market through year-end, especially since September historically tends to be another difficult month? Since 1950, a strong market performance in the first seven months of the year has been followed by average returns of 5% until year end. Given that the S&P 500 enjoyed a 19% gain for the first seven months of the year, we may be positioned for a positive end to 2023, although potentially with some bumps along the way.

Dollars And Degrees: The Cost of Education



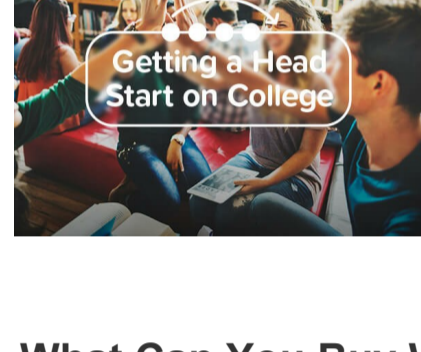
As we approach the back-to-school season, I wanted to discuss an important topic that might be on your mind: the cost of education. Whether you have children or grandchildren preparing for college or considering furthering your education, it's important to understand the financial side.

Let's delve into some eye-opening statistics about the cost of college. In 2022, the average amount families spent on college reached \$25,313. Interestingly, family savings and income covered 54 percent of this amount, highlighting the importance of diligent financial preparation. Scholarships and grants accounted for 26 percent, while student borrowing constituted 18 percent.¹

In 2023 the projected average household cost for back-to-college shopping is \$1,367, while back-to-school shopping may average \$890 perhousehold.²

Let's proactively address the financial aspects of education and create a strategy so that you and your loved ones can pursue your academic aspirations. We can work together to help you prepare for any upcoming educational expenses.

1. SallieMae, 2022, How America Pays for College
2. NRF.com, 2022



Getting a Head Start on College Savings

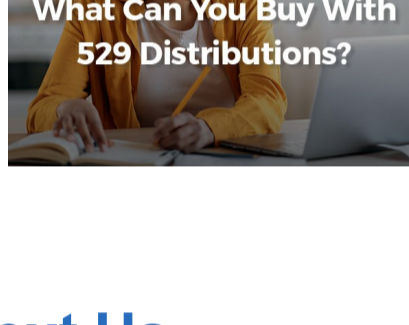
A few strategies that may help you prepare for the cost of higher education.

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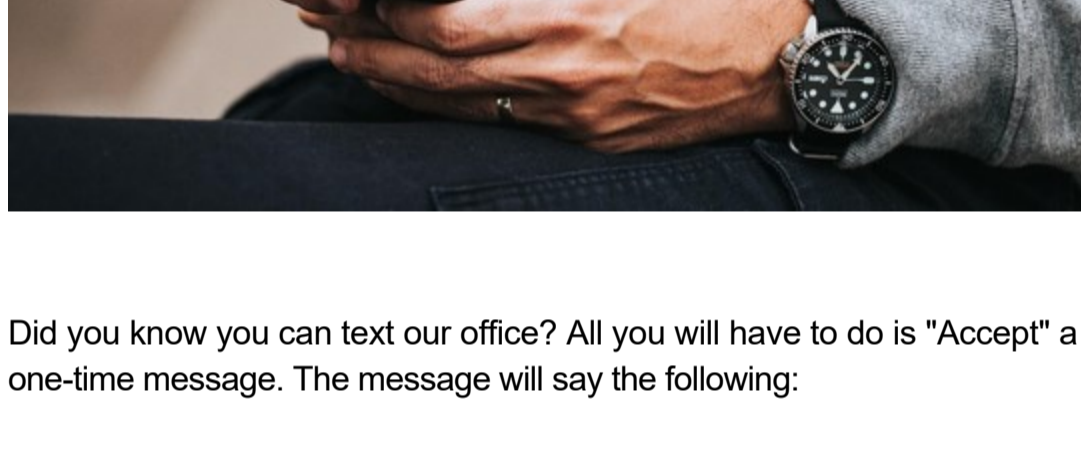
What Can You Buy With 529 Distributions?

This article can be a helpful guide when begin preparing for education expenses.

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All data is provided as of September 5, 2023.

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All index data from FactSet.

The Standard & Poor's 500 Index (S&P500) is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

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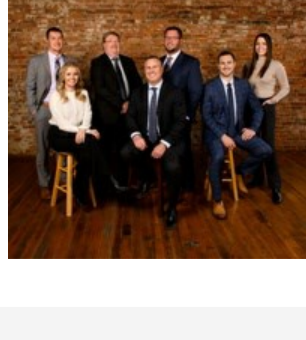
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For a list of descriptions of the indexes and economic terms referenced, please visit our website at lplresearch.com/definitions.



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