IRONWOOD WEALTH ADVISORS LLC
a registered investment advisor
DISCIPLINED WEALTH MANAGEMENT

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August 2023

Market Update
(all values as of 09.29.2023)

Stock Indices:

Dow Jones	33,507
S&P 500	4,288
Nasdaq	13,219

Bond Sector Yields:

2 Yr Treasury	5.03%
10 Yr Treasury	4.59%
10 Yr Municipal	3.44%
High Yield	8.84%

YTD Market Returns:

Dow Jones	1.09%
S&P 500	11.68%
Nasdaq	26.30%
MSCI-EAFE	4.49%
MSCI-Europe	5.39%
MSCI-Pacific	2.89%
MSCI-Emg Mkt	-0.38%
US Agg Bond	-1.21%
US Corp Bond	0.01%
US Gov't Bond	-0.86%

Commodity Prices:

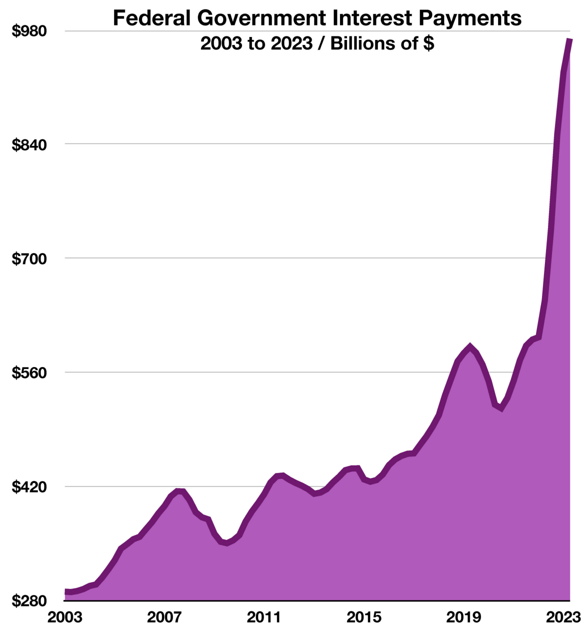
Gold	1,864
Silver	22.39
Oil (WTI)	90.77

Currencies:

Dollar / Euro	1.05
Dollar / Pound	1.21
Yen / Dollar	149.32
Canadian /Dollar	0.74

Macro Overview

The rating on U.S. government debt was cut from AAA to AA+ by Fitch, one of the three major credit rating agencies. Standard & Poor's, another primary rating agency, cut its rating on U.S. government debt to AA+ in 2011, which was the first ever downgrade below AAA. Fitch's reasoning for the downgrade includes a growing federal debt burden, fiscal deterioration, political gridlock, and eroding governance.



Lower credit ratings make it more costly for the U.S. government to borrow money and issue debt, indirectly raising bond yields on U.S. Treasuries. The recent rise in rates has increased the amount of interest that the government pays, increasing from roughly $520 billion quarterly in 2020 to over $900 billion quarterly in 2023.

U.S. banks are also coming under closer scrutiny by rating agencies as their exposure to commercial real estate loans continues to evolve as a concern. Rising rates on commercial real estate loans along with weaker demand for office and industrial space have intensified the risk of defaults and liquidity constraints.

Inflation and the U.S. dollar trended lower in July as evolving economic conditions altered the dynamics of consumer prices and sentiment. Inflation stood at 3 percent in July, the lowest in two years.

Atlanta Federal Reserve Bank President Raphael Bostic said that there is a risk of over-tightening of rates by the Fed. Financial markets are concerned that the Fed may have continued to raise rates to the point that it may have become counterproductive.

A weakening U.S. dollar is becoming an inflationary concern for consumers and the Fed. A weak dollar is inflationary because a weaker dollar makes imported goods more expensive for consumers, lowering their purchasing power. This is because the U.S. heavily relies on imported goods, such as clothing, autos, phones, computers, and televisions.

The month of July was Earth's hottest on record, according to data from the Copernicus Climate Change Service, a European Union-funded scientific agency. July's temperatures surpassed the global monthly average temperature record set in July 2019. Warmer temperatures increase the use of electricity and energy nationwide.

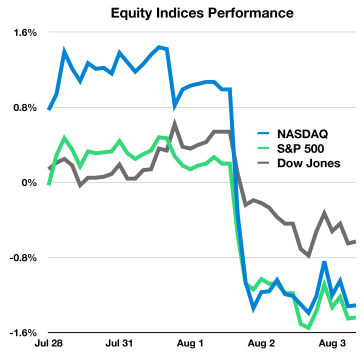
Sources: Bloomberg, Federal Reserve Bank of Atlanta, Fitch, Bureau of Labor Statistics, Standard & Poor's, Copernicus Climate Change Service

INFLATION FELL FROM 9.1% IN JUNE 2022 TO 3% IN JUNE 2023

Equities Advance Yet Remain Cautious – Domestic Stock Market Review

U.S. equity markets advanced in July as positive earnings momentum and some optimistic economic news helped propel the market. The Dow Jones Industrial Index, the S&P 500, and the Nasdaq all saw increases in July as well as posting positive year-to-date returns as of the end of July.

A concern that many analysts share is the valuations of equities. The S&P 500 index is trading at a 20x multiple on forward earnings which compares to 17x at the start of the year. The higher multiple, or earnings calculation, is considered high relative to prior historical trends. At these levels, companies are under pressure to either increase earnings or see a possible decrease in share prices. (Sources: Dow Jones, Standard & Poor's, Nasdaq, Reuters, Bloomberg)



Credit Rating Concerns Push Yields Higher – Fixed Income Overview

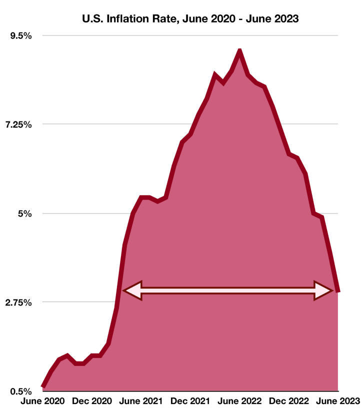
Government and corporate bond yields saw a slight increase in July as the Fed raised short-term rates and increased government debt levels.

Shorter-term bond yields remained higher than longer-term bond yields at the end of July, also known as an inverted yield curve, indicative of eventual lower yields in the future. The recent downgrade by Fitch of U.S. government debt has propelled yields higher for the time being. The last downgrade of government debt in August 2011 by Standard & Poor's produced a short-term effect on bond yields where yields ended 2011 nearly the same as when the downgrade occurred.(Sources: U.S. Treasury, Fitch, S&P, Federal Reserve)

Inflation Slows To A Two-Year Low – Inflation Trends

Inflation measured at 3% in June, a two-year low not seen since March 2021. Inflation peaked at a four-decade high of 9.1% in June 2022, more than three times the latest inflation figure. Other factors indirectly affecting inflation include a weakening U.S. dollar and the recent debt rate cut on U.S. government debt.

Reasons behind the causes of inflation vary, such as June 2022's inflation was abnormally high due to Russia's invasion of Ukraine. Headline inflation is more volatile to events of this sort because it considers the volatile factors of food and energy. However, the Fed prioritizes core inflation, which even though it has dropped from previous months is still at 4.8%. This remains much higher than the Fed's 2% target rate, and many Fed officials are focused on ensuring that inflation does not return to higher levels.



A significant concern for the Fed is the strong labor market, where jobs are being added at a robust pace despite employers finding difficulties in recruiting qualified employees. June's inflation data saw airline fares and used car prices decline. However, increases in housing costs composed 70% of June's monthly rise in consumer prices.

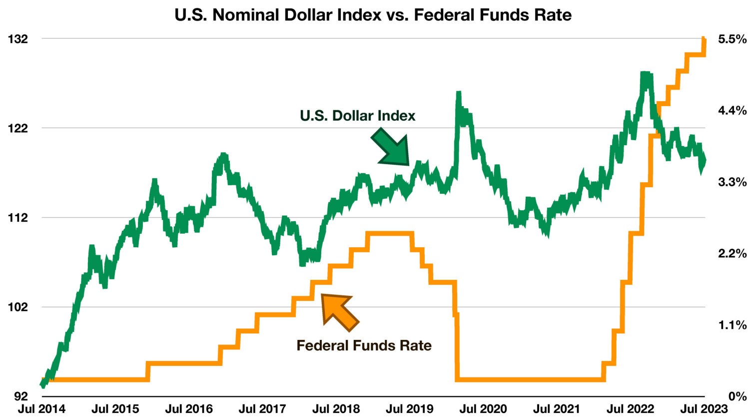
Sources: Federal Reserve Bank of the United States, Bureau of Labor Statistics, Bloomberg.

IN JULY, THE DOLLAR'S NOMINAL VALUE INDEX FELL TO A 14-MONTH LOW

Dollar Losing Value As Fed Continues To Raise Rates – Currency Overview

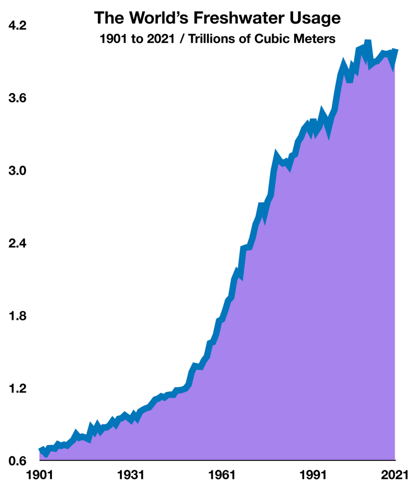
When the Fed began increasing its Fed Funds Rate in 2022, the U.S. dollar became stronger as higher rates attracted foreign funds. Other currencies, such as the euro, simultaneously lost value due to global turmoil stemming from the Ukraine war. Thus, in much of 2022, exchange rates were very favorable for Americans and holders of U.S. dollars. Since then, the dollar has seen a decline in value over the past year.

In July, the dollar's nominal value index fell to a 14-month low, down over 8% from its peak in October 2022. The Fed Funds Rate, which is the Fed's primary tool for altering interest rates, continues to rise as it reaches upwards of 5.25%. For reference, the Fed Funds Rate was just 0.25% in early 2022 before the Fed's aggressive fight against inflation.



With the dollar being the primary reserve currency of the world, a weak dollar could have a wide range of consequences for both Americans and the global economy. A weaker dollar would reduce import prices for developing nations, easing the inflationary pressures on emerging markets. It could also bolster currencies currently at lower values in comparison to the dollar. A weaker dollar would boost American firms' exports, yet would make imported goods more expensive for U.S. consumers. Since the U.S. has a sizable trade deficit, this could likely make goods more expensive for American consumers and increase domestic inflationary pressures. (Sources: Board of Governors of the Federal Reserve System, Federal Reserve)

Diminishing Global Water Supplies – Water Industry Overview



With the global population continuously rising, and water demand greatly outweighing supply, the global water supply has decreased dramatically. However, water treatment innovations may be a growing field that attempts to combat the world's water crisis by making fresh water more accessible. Over 4 billion people experience severe water scarcity for at least a month each year, and half of the global population will be living under constant water scarcity as early as 2025. By 2040, around 1 in every 4 children will suffer from severe water stress. Global freshwater usage is at a historic high, with the annual usage sitting at around 3.88 trillion cubic meters as of 2017. This is a 65% increase in usage from 1970 and over a 400% increase in the past century. Across the world, droughts and water scarcity are shocking populations. The current American Western mega drought, in states from California to Montana between 2000-2022, is considered the driest period in over 1200 years. Further, four days in July were measured as the hottest day on Earth in over 100,000 years. (Sources: Yale University; UNICEF; A. Park Williams et al.; Our World in Data; Food and Agriculture Organization; AQUASTAT, World Bank, University of Maine, U.S. National Centers for Environmental Prediction.)

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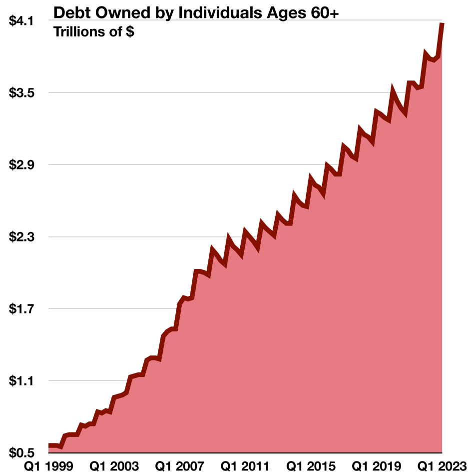
SENIORS HAVE ACCUMULATED OVER $4 TRILLION IN DEBT

Credit Scores Tend To Drop After Retirement – Retirement Planning

Credit scores are a vital piece in determining whether an individual is qualified for a plethora of life-changing purchases, from mortgages to auto loans. However, even consumers with a pristine history of on-time payments and proper debt management can see that their credit scores decline in retirement.

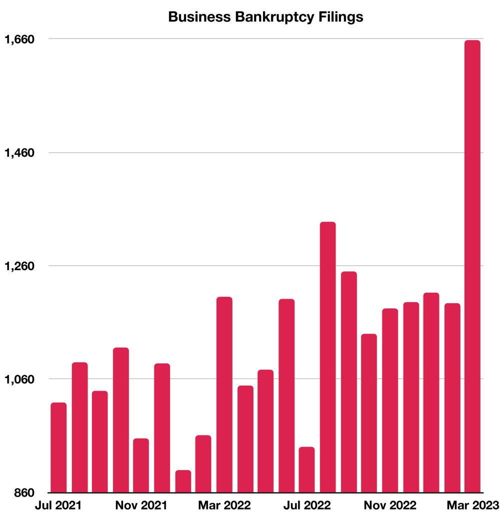


Data shows that credit scores tend to peak for consumers in their 70s, while tending to decline going into one's 80s and beyond. Retirees of these ages typically enter retirement with long credit histories, but when they close decades-old accounts they can inadvertently cause swift declines to their credit scores. Additionally, at older ages, many individuals have already finished paying off mortgage loans, whereas credit scores reward individuals for paying current loan payments on time.

While a greater percentage of retirees have financial freedom and take out fewer loans, credit scores can be crucial in determining insurance premiums and in applications to assisted-living facilities. However, today's seniors have accumulated debt faster than any other age group over the past 20 years, surpassing $4 trillion in senior debt in 2023. (Sources: New York Fed Consumer Credit Panel/Equifax)

Business Bankruptcy Filings Increasing – Economic Sentiment

An indication of where the economy might be headed is business bankruptcy filings. Small and large businesses tend to react to economic changes via their business activity and financial conditions. Despite both 2021 and 2022 having far fewer bankruptcies than pre-pandemic years, 2023 is seeing an uptick in filings. Thus far, more businesses are declaring bankruptcies in 2023, reaching a 28-month high in filings not seen since late 2020.



The financial well-being of small businesses is an indication of the direction of the overall economy and where it might be headed. Hiring, wholesale purchases, rent, capital expenditures, and tax payments are just part of how small businesses contribute to the economic health of the nation.

Small businesses created 12.9 million net new jobs between 1996 and 2021, accounting for 66% of net new jobs created since 1996, according to data from the Bureau of Labor Statistics.

Source: Administrative Office of the U.S. Courts, BLS, SBA