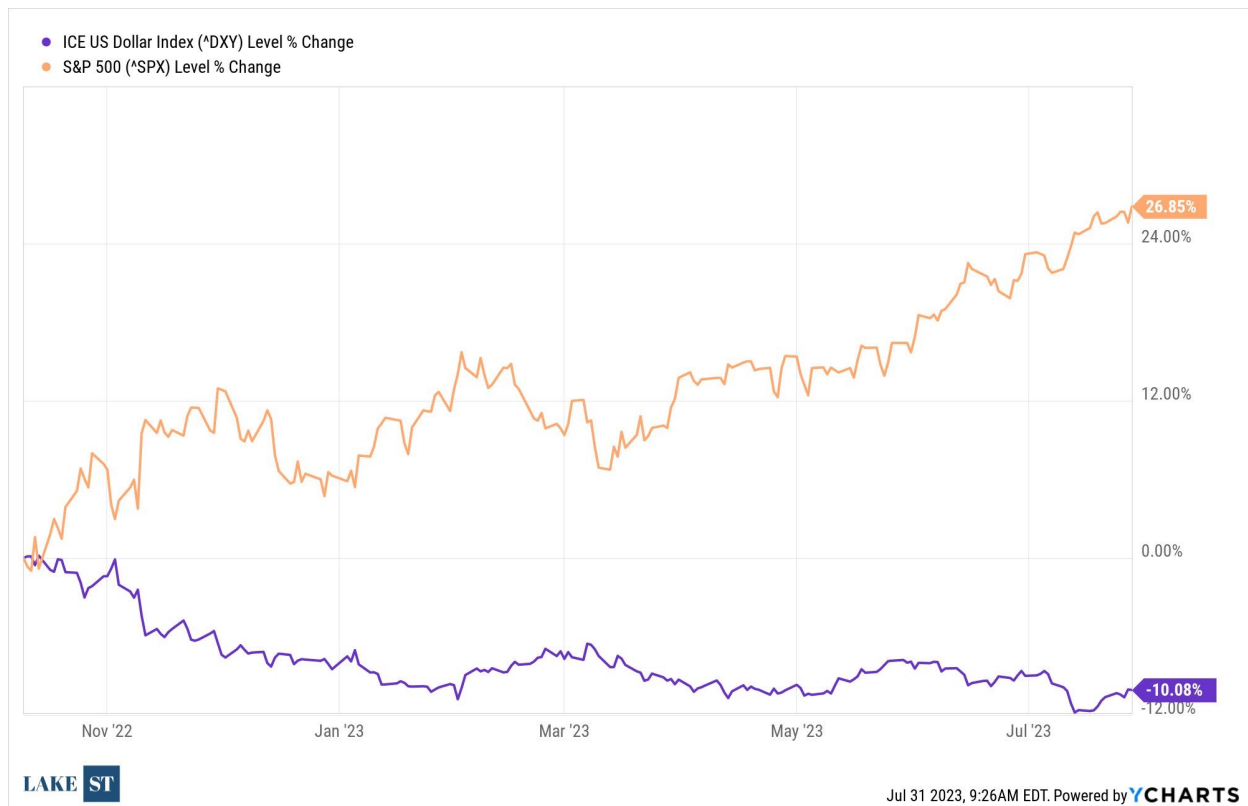


US Dollar vs the SP 500

One of the prominent headlines in 2022 revolved around the strength of the US Dollar. Barrons' October 2022 cover even featured George Washington flexing, emphasizing the greenback's dominance at the time. However, shortly after the publication, a reversal occurred, with the dollar's strength fading while the SP 500 started its march higher.



Since the Barrons' article's release, the US Dollar has experienced a decline of approximately 10%, while the SP 500 has surged by over 26%. The weakening dollar has had positive implications for US stocks, notably due to international revenue translation. As most SP 500 companies operate globally, profits earned overseas can be bolstered when converted back to USD due to favorable currency exchange rates. Investors are advised to closely monitor this correlation as the market rally continues, as fluctuations in the US Dollar can significantly impact US stock performance.



Dow Jones Winning Streak

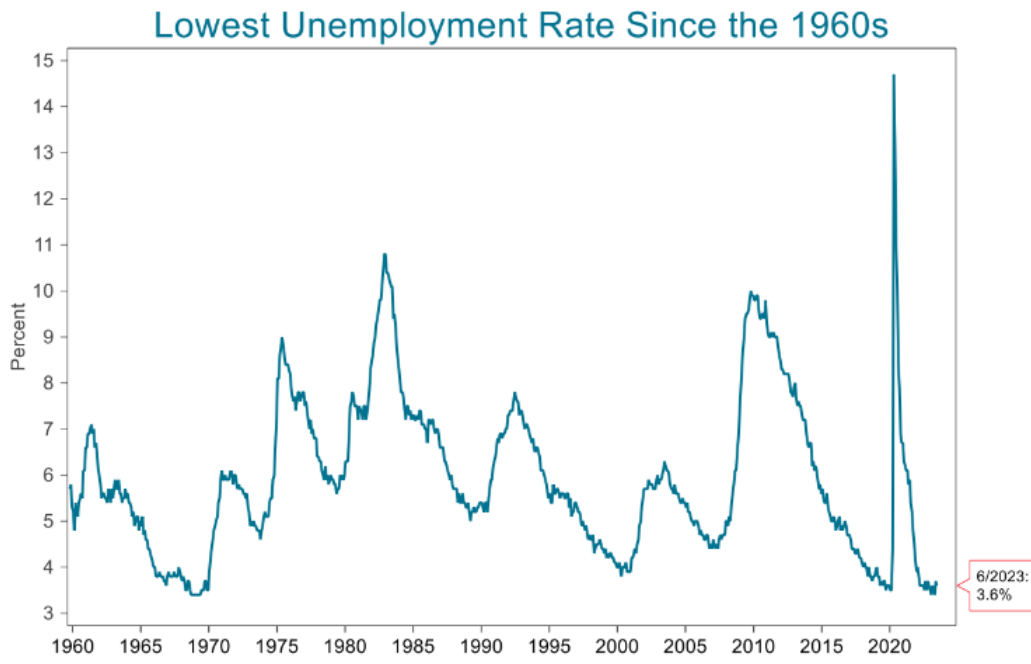
The Dow Jones Industrial Average (DJIA) has come a long way since its inception on May 26, 1896, when Charles Dow and Edward Jones first published it. Initially comprising just 12 companies, representing various sectors of the US stock market except for railroads and transportation, the index's first value was 40.94, calculated from the average market price of those 12 companies. Today, only two of the original 12 companies, General Electric and Laclede Gas, still exist, but neither are part of the current DJIA index, with General Electric having been removed in 2018.

One of the remarkable historical moments for the DJIA was in 1897 when it posted its longest daily winning streak, lasting 14 consecutive trading days. Recently, on Thursday, July 27th, the DJIA aimed to tie that record but fell just one day short, concluding a streak of 13 days. The index has evolved significantly since its inception and now comprises 30 companies, reflecting the broader market more comprehensively.

When analyzing previous winning streaks of 12 days or more, the DJIA has seen such occurrences only four times apart from the recent July streak. Interestingly, in three out of those four instances, the market was higher both three months and twelve months later, showing a tendency toward positive performance following such streaks. The only exception was the year 1987, where the market experienced a negative return after twelve months. Though the sample size is small, this historical trend could serve as a fun fact rather than a conclusive market indicator.

June Sees Decrease in Job Openings & Layoffs, Easing Recession Fears

In June, there was a notable decline in both job vacancies and layoffs, providing a silver lining for economists who had concerns about a potential recession. Despite the rapid rise in interest rates, the anticipated spike in unemployment did not materialize, offering some relief to the market.



(Source: GW&K Investment Management and Macrobond)

The chart above depicts the unemployment rate at its lowest since the 1960s, representing a significant achievement for the economy and a positive indicator for the Federal Reserve. However, to sustain this positive trend, close monitoring of corporate profitability will become crucial going forward. As businesses continue to navigate economic challenges, maintaining a subdued unemployment rate will depend on their ability to sustain profitability.

Articles We're Reading

Euro's relative strength could undermine euro-area economy and force ECB to turn dovish ([Bloomberg](#))

Russian central bank surprises with 100 bp hike as weak rouble added to inflation pressure ([Reuters](#))

Morgan Stanley raises US GDP forecast citing industrial strength in the US ([CNBC](#))

Waymo is pausing its efforts to develop autonomous truck technology ([The Verge](#))

Market Snapshot

For the Month Ending 7/31/2023 (Cumulative Returns)¹

United States Markets	1-Month	3-Month	YTD	1-Year
Dow Jones Industrial Average	3.35%	4.29%	7.28%	8.26%
S&P 500	3.11%	10.06%	19.52%	11.11%
The NASDAQ Composite	4.05%	17.33%	37.07%	15.78%
U.S. Mid Cap	3.55%	8.85%	11.37%	6.23%
U.S. Small Cap	5.35%	12.15%	15.79%	8.54%

Global Markets	1-Month	3-Month	YTD	1-Year
Nikkei 225	-0.05%	14.96%	27.12%	19.32%
Hang Seng	6.15%	9.30%	1.50%	-0.38%
Shanghai Comp	2.87%	-0.97%	6.53%	1.16%
FTSE 100	2.23%	-2.17%	3.32%	3.72%
DAX	1.85%	3.29%	18.12%	21.97%

Fixed Income	1-Month	3-Month	YTD	1-Year
Corporate Bonds	0.05%	-0.91%	4.32%	-2.33%
Municipal Bonds	0.03%	-0.06%	2.28%	0.55%
High Yield Bonds	1.10%	1.65%	5.65%	2.21%

Market Indicators	Rate	Market Indicators	Value
10 Year Treasury	3.97%	WTI Crude Oil	81.80
Fed Funds Target	5.25 to 5.50%	Gold - Spot Price	2,009.20
Inflation Rate	3.0%	U.S. Dollar	101.86
Unemployment Rate	3.6%	CBOE Volatility Index	13.63

¹Source – Morningstar, Inc. Corporate Bonds is presented as the iShares iBoxx \$ Investment Grade Corporate Bond ETF. Municipal Bonds is presented as the iShares National Municipal Bond ETF. High Yield Bonds is presented as the iShares iBoxx \$ High Yield Corporate Bond ETF. 10 Year Treasury refers to the valuation of a 10 Year Treasury Note, a debt obligation issued by the U.S. Department of the Treasury. Fed Funds Target represents upper limit of the federal funds target range established by the Federal Open Market Committee. Inflation Rate provided for the purposes of this report by the U.S. Bureau of Labor Statistics. Unemployment Rate calculated by the U.S. Bureau of Labor Statistics. WTI Crude Oil refers to the price of a barrel of West Texas Intermediate NYMEX Crude Oil. Gold – Spot Price relates to the valuation of an ounce of gold, as traded on the NYSE Arca Exchange. U.S. Dollar refers to the U.S. Dollar Index (DXY). All Returns are denominated in USD (United States Dollar), unless otherwise explicitly noted.

Did You Know?

The history of August having 31 days can be attributed to Augustus Caesar, the first Roman Emperor. In 8 BCE, the month originally known as Sextilis was renamed "Augustus" in his honor. Augustus wanted his month to be as prestigious as July, which was named after his great-uncle Julius Caesar. To achieve this parity, he added an extra day to August, making it a 31-day month, just like July. This change was part of the broader reforms that ultimately led to the creation of the Julian calendar, which forms the basis of the modern Gregorian calendar used today.

Presented by the Investment Committee of Lake Street, an SEC Registered Investment Adviser

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