



STRATEGIC CLIENT NEWSLETTER

THIRD QUARTER 2023

Inflation Continues Cooling in the Third Quarter

The U.S. stock market stayed in positive territory in the third quarter of 2023 as inflation slowed and interest rate increases were limited. The S&P 500 (+11.28% YTD) and Dow Jones Industrial Average (+1.08% YTD) were under pressure late in the quarter due to a budget impasse in Congress.

- Gross Domestic Product (GDP) increased at a rate of +2.1% in the second quarter of 2023, following an increase of +2.0% in the first quarter of 2023. This reflects increases in consumer spending, government spending and nonresidential fixed investment. *(Source: www.bea.gov)*
- The National unemployment rate levels remain low, with the following rates for June (3.6%), July (3.5%) and August (3.8%) of 2023. We believe the unemployment rate will remain low for the remainder of 2023. *(Source: www.bls.gov)*
- Nonfarm productivity increased at a revised rate of +3.5% in the second quarter of 2023, which followed a decrease of -1.2% in the first quarter of 2023: with increases in output (1.9%) and decreases in hours worked (-1.5%) for the second quarter of 2023. From the second quarter of 2022 to the second quarter of 2023, nonfarm productivity increased +1.2%, the largest decline since the first quarter of 1948. *(Source: www.bls.gov)*
- Changes in the Consumer Price Index (CPI) continued upward, increasing .2% in June 2023, .2% in July 2023 and 0.6% in August of 2023. We expect inflation to remain high for the next 18-24 months. *(Source: www.bls.gov)*
- Personal Income increased by +.2% in July of 2023, following by an increase in June 2023 of +.3%. *(Source: www.bea.gov)*
- Corporate profits (profits from current production) decreased in the second quarter of 2023 by \$10.6 billion, following an adjusted decrease in the first quarter of 2023 of \$121.5 billion. *(Source: www.bea.gov)*

THIRD QUARTER 2023

Market Performance *www.bloomberg.com*

Dow Jones Industrial Average

This Quarter	-2.51%
Year-to-Date	+1.08%

S&P 500

This Quarter	-3.65%
Year-to-Date	+11.28%

Nasdaq Composite

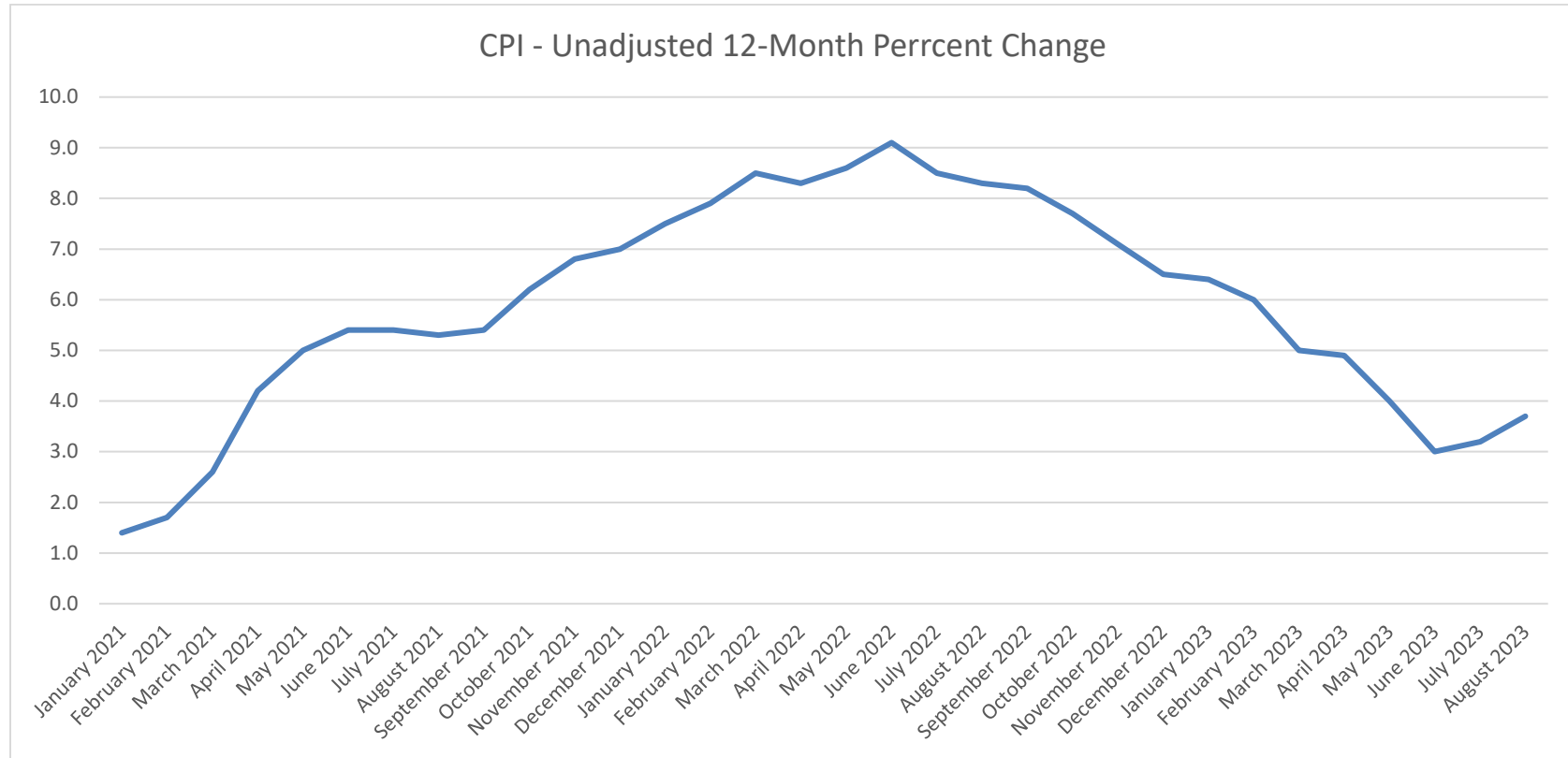
This Quarter	-4.20%
Year-to-Date	+25.16%

*Indices are unmanaged and you
cannot invest directly in an
index*

INVESTMENT AND INSURANCE PRODUCTS: NOT FDIC-INSURED NO BANK GUARANTEE MAY LOSE VALUE

Inflation

The Consumer Price Index (CPI) is the most common measurement of inflation, and measures changes in prices that consumers pay for goods and services. These include food, energy, clothing shelter, doctor/dental services, drugs and other items that used in daily living. Price changes for these items are aggregated nationwide to calculate the CPI for the U.S.



Source: www.bls.gov

Looking at data for the CPI since January 2021, we've seen larger changes in 12-month CPI starting in the first quarter of 2021, as the U.S. economy began digesting the roughly \$4 trillion in coronavirus stimulus packages that were not paid by any tax revenue, but in essence was created money. Based on the recent Federal Reserve interest rate increases, we've seen the rate of inflation steadily decline since the middle of 2022.

We believe we will continue to see the inflation rate decrease in the next several months, with the possibility of one more interest rate increase before the end of 2023.

2023 Required Minimum Distributions

IRA account holders are generally required to take annual distributions from their IRA accounts after they turn 73. The RMD rules apply to all employer sponsored retirement plans (i.e. 401(k), 403(b), profit sharing plan) and all IRA-based plans (i.e. traditional, SIMPLE, SEP).

Under the SECURE 2.0 Act, if you reach the age of 73 in 2023 or later, RMDs won't begin for you until age 73. In addition, any IRA accounts inherited after 12/31/2019, have no Required Minimum Distributions. The full balance of the account must be distributed by the tenth year anniversary of the inheritance.

We will be reaching out to clients who haven't fulfilled their current year RMD to ensure any distributions that need to be made are completed by year end.

If you have any questions about how this may impact your retirement accounts with us, please call our office.

Annual Client Profile Review

On a yearly basis, we like to review any updates to clients' risk tolerance profiles. Please contact our office to review or to make any updates to the following:

Time Horizon – *This measures the expected years you plan to invest your financial goals*

Short Term (0-5 years) _____
Intermediate Term (5-10 years) _____
Long Term (10+ years) _____

Liquidity Needs – *This measures the ease with which you can meet financial obligations with available assets*

None _____
Moderate _____
Significant _____

Financial Priority – *Please choose one*

Less Volatility, even if that means there is little growth potential _____
Investment income, with some growth potential _____
Some investment income, but more growth potential over the long term _____
The highest growth potential over the long term _____

**PLEASE RETURN ANY CHANGES TO
YOUR CLIENT PROFILE IN THE
ENCLOSED ENVELOPE.**

Risk Tolerance – *How would you rate your willingness to take risk?*

Very Low Low Moderate High Very High

CHB Investment Group Observations

- We believe stocks have entered more fairly valued territory. We recommend value stocks over growth stocks, and believe additional selloff in the stock markets may create additional buying opportunities if P/E ratios fall under fair value pricing.
- We believe the Federal Reserve will raise interest rates one more time year. We have an overweight bias towards short-term Treasury securities and inflation protected fixed income.
- We have a **negative bias** in residential and a **neutral bias** in corporate real estate, and we expect housing markets to be negatively impacted with inflation and rising market interest rates.
- We have a **neutral** bias towards corporate debt.

This is provided for informational purposes only. We need to review your investment objectives, risk tolerance and liquidity needs before we introduce suitable managers/investment programs to you. All investing involves risk including the possible loss of principal. Mid-cap stocks are generally more volatile, subject to greater risks and are less liquid than large company stocks. There are special risks associated with an investment in real estate, including the possible illiquidity of the underlying properties, credit risk, interest rate fluctuations and the impact of varied economic conditions.

For clients who would like to receive non-confidential information regarding general market conditions and CHB Investment Group updates, please send your preferred e-mail address to chris.lindenthal@chbinvestmentgroup.com

Past performance is no guarantee of future results. Indices are unmanaged and you cannot directly invest in an index.

The S&P 500 Index consists of 500 stocks chosen for market size, liquidity, and industry group representation. It is a market value weighted index with each stock's weight in the index proportionate to its market value.

The Dow Jones Industrial Average is a price-weighted index of 30 "blue-chip" industrial stocks

The NASDAQ Composite Index measures the market value of all domestic and foreign common stocks, representing a wide array of more than 5,000 companies, listed on the NASDAQ Stock Market.

Stocks offer long-term growth potential, but may fluctuate more and provide less current income than other investments. An investment in the stock market should be made with an understanding of the risks associated with common stocks, including market fluctuations. The prices of small company stocks are generally more volatile than large company stocks. They often involve higher risks because smaller companies may lack the management expertise, financial resources, product clarification and competitive strengths to endure adverse economic conditions. There are special risks associated with an investment in real estate, including credit risk, interest rate fluctuations and the impact of varied economic conditions.

Investing in fixed income securities involves certain risks such as market risk if sold prior to maturity and credit risk especially if investing in high yield bonds, which have lower ratings and are subject to greater volatility. Bond prices fluctuate inversely to changes in interest rates. Therefore, a general rise in interest rates can result in the decline of the value of your investment. All fixed income investments may be worth less than original cost upon redemption or maturity.

Investing in foreign securities presents certain risks not associated with domestic investments, such as currency fluctuation, political and economic instability, and different accounting standards. This may result in greater share price volatility. Diversification does not guarantee profit or protect against loss in declining markets.

This newsletter is designed to provide accurate, authoritative information. Wells Fargo Advisors Financial Network is not engaged in rendering legal, accounting or tax advice. If legal, accounting, or tax assistance is required, the services of a competent professional should be sought. The hiring of a professional is an important decision and should not be based on advertising. Ask for written information stating qualifications, experience and Firm association before making a decision.

This report is provided courtesy of your Investment Advisor, Christopher H. Brashier, who can be contacted at 215-862-6900. The material has been prepared or is solely distributed for information purposes and is not a solicitation or an offer to buy any security or instrument or to participate in any trading strategy. Additional information is available upon request.

You should be receiving statements at least quarterly from Charles Schwab & Co., LLC. If you are not receiving these statements, or you need another copy of a statement, please call us and we will provide one to you. Clients are encouraged to review the information on the statements, especially the amount of fees deducted, and compare that information with any information provided by CHB Investment Group, LLC. If there are any questions or discrepancies, please contact us as soon as possible

CHB Investment Group
A Limited Liability Corporation

Christopher H. Brashier
Managing Director
chb@chbinvestmentgroup.com

Debra T. Jones
Director of Client Services
debra.jones@chbinvestmentgroup.com

Christopher Lindenthal, CFP®
Director of Planning & Investment
Analysis
chris.lindenthal@chbinvestmentgroup.com

31 North Main Street
New Hope, PA 18938
Phone: 215-862-6900
Fax: 215-862-5700
Toll Free: 855-862-6900

www.chbinvestmentgroup.com

Securities offered through Charles Schwab & Co., Inc. Member FINRA/SIPC