

## Performance Through Last Week End

Best ↑ ↓ Worst	ICE BofA 1-3 M US Trsy TR USD 0.0	Bloomberg Commodity TR USD 18.8	Bloomberg Commodity TR USD 19.5
	FTSE WGBI NonUSD Hdg USD -0.1	ICE BofA 1-3 M US Trsy TR USD 0.6	ICE BofA 1-3 M US Trsy TR USD 0.6
	BBgBarc US Agg Bond TR USD -0.9	Wilshire Liquid Alternative TR USD -5.4	Wilshire Liquid Alternative TR USD -5.7
	Wilshire Liquid Alternative TR USD -1.0	FTSE WGBI NonUSD Hdg USD -10.7	FTSE WGBI NonUSD Hdg USD -11.5
	Bloomberg Commodity TR USD -1.4	BBgBarc US Agg Bond TR USD -12.4	S&P 500 TR USD -12.1
	MSCI ACWI Ex USA GR USD -2.8	S&P 500 TR USD -17.8	BBgBarc US Agg Bond TR USD -13.2
	S&P Global Property TR USD -4.0	MSCI ACWI Ex USA GR USD -20.6	S&P Global Property TR USD -16.8
	S&P 500 TR USD -4.7	S&P Global Property TR USD -20.8	MSCI ACWI Ex USA GR USD -21.4
		Last Week	Year-To-Date

On the face of it, the August CPI number should have provided some respite for an inflation weary nation. At 8.3%, this was lower than the previous month's 8.5% reading. Yet much of the commentary and market reaction was negative. Why? The primary reason is the Core CPI number was considerably higher - 6.3% versus 5.9% in July. In other words, the year-over-year overall CPI decline was simply due to gas prices falling significantly while most other goods and services continue to increase in price.

The other noteworthy economic release last week was Core Retail Sales. This data point also took a hit. Coming in at -0.3%, a large decline from July's 0.4% increase, provides yet another clue that the economy is slowing down in a significant manner.

As I hinted at above, the capital markets responded with losses as investors come to grips that a poor economic outlook has become the most probable scenario for the foreseeable future. Specifically, domestic stocks took the largest blow last week, losing -4.7%, while foreign shares were down -2.8%. YTD, these two asset classes are down 18% and 21%, respectively. Bonds also fell last week with the Bloomberg Agg. losing another -0.9%. YTD bonds are down -12%.

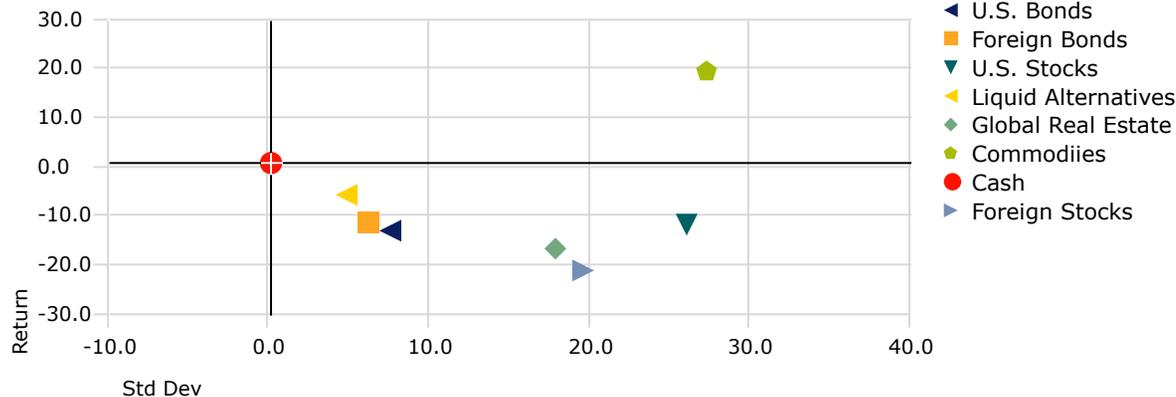
Expect the FOMC to raise rates around 75 bps this coming week and please take solace in your coffee this morning.

Economic Data	Current	Previous
GDP (QoQ) - Q2	-0.6%	-1.6%
Unemployment Rate - Aug	3.7%	3.5%
Consumer Confidence - Aug	103.2	95.3
CPI (YoY) - Aug	8.3%	8.5%
Core Retail Sales (MoM) - Aug	-0.3%	0.4%

## Economic Calendar for the Week

Monday	No Significant Releases
Tuesday	Building Permits (Aug)
Wednesday	Existing Home Sales (Aug) Crude Oil Inventories FOMC Interest Rate Decision and Statement
Thursday	Initial Jobless Claims
Friday	Fed Chair Powell Speaks

## 1 Year Risk-Reward



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## Bloomberg Barclays US Aggregate Bond TR USD

The index measures the performance of investment grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM passthroughs), ABS, and CMBS. It rolls up into other Bloomberg flagship indices, such as the multi-currency Global Aggregate Index and the U.S. Universal Index, which includes high yield and emerging markets debt.

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## FTSE WGBI Non-USD Hedged USD

The index measures the performance of fixed-rate, local currency, investment-grade sovereign bonds of all WGBI countries except the United States and is stated in US dollar terms. It is a subset of Citigroup World Government Bond Index (WGBI).

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## S&P 500 TR USD

The index measures the performance of 500 widely held stocks in US equity market. Standard and Poor's chooses member companies for the index based on market size, liquidity and industry group representation. Included are the stocks of industrial, financial, utility, and transportation companies. Since mid 1989, this composition has been more flexible and the number of issues in each sector has varied. It is market capitalization-weighted.

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## MSCI ACWI Ex USA GR USD

The index measures the performance of the large and mid cap segments of the particular regions, excluding USA equity securities, including developed and emerging market. It is free float-adjusted market-capitalization weighted.

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## Wilshire Liquid Alternative TR USD

Wilshire Liquid Alternative Index aims to deliver a precise, broad market measure for the performance of diversified liquid alternative investment strategies that are implemented in mutual fund structures.

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## Bloomberg Commodity TR USD

The index measures the performance of future contracts on physical commodities which traded on US exchanges and London Metal Exchange. The commodity weightings are based on production and liquidity, subject to weighting restrictions applied annually.

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## S&P Global Property TR USD

The index defines and measures the investable universe of publicly traded property companies. The index is ideal for a range of investing activities, including benchmarking active funds and setting the foundation for passive funds. The S&P Global Property divides into two sub-indices: S&P Developed Property and S&P Emerging Property.

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## ICE BofA 1-3 Month US Treasury TR USD

Is an unmanaged index tracking 1-3 month U.S. government securities. The index is produced by Merrill Lynch, Pierce, Fenner & Smith, Inc.

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