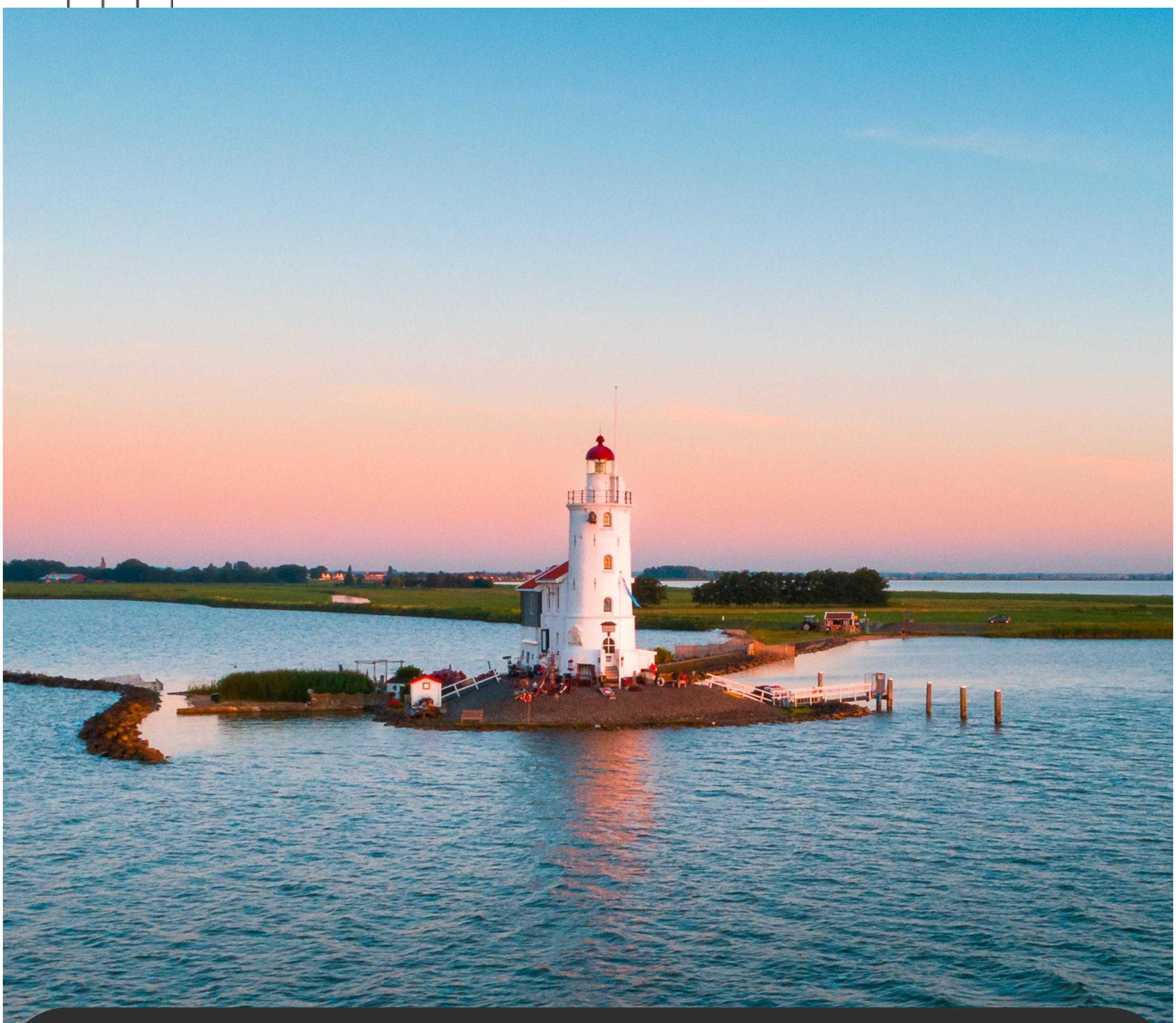
HARBOR VIEW
PRIVATE WEALTH



Market Outlook

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Inflation Cools, Path to 8,000 Stays Intact

Falling inflation keeps the path to 8,000 intact.

Core CPI fell 0.02% in June, the first outright monthly deflation reading since the pandemic, well below the Street's estimate for a 0.26% increase. Shelter costs, the largest single piece of the CPI basket, rose just 0.11% for the month and their year-over-year rate slipped below its 40-year average. By late July, 64% of CPI components were deflating from their prior peaks, a sign the pullback in prices has broadened across the economy rather than concentrating in one or two categories.

The labor market has reinforced the disinflation case rather than undercut it. July payrolls fell by 23,000 versus expectations for an 83,000 gain, and May and June job counts were revised down by a combined 103,000. The Fed held rates steady at its July 29 meeting, and the move has been characterized as contrarian and bullish for stocks rather than a sign the central bank sees inflation risk returning. Odds of a September rate cut have moved higher as the data has come in softer than expected.

Consumer spending has held up well enough to keep the disinflation story from tipping into a demand slowdown, even as the strength has grown more concentrated among wealthier households. Spending among the top decile of earners has grown sharply since 2020, and the top 1% of households now hold roughly a third of U.S. wealth but half of all equities. As asset prices rise, wealthier households spend more freely, a wealth effect that sustains demand without adding the kind of broad wage pressure that would reignite inflation.

IRAN/ENERGY & S&P 500 TARGET

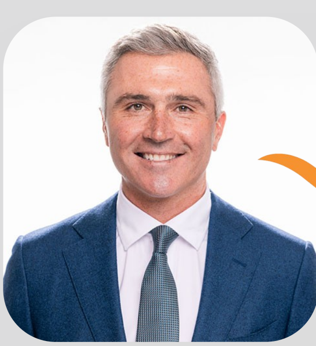
Bullish Setup Despite Iran Risk

Oil headlines create noise, not a new trend.

WTI crude has traded in a roughly $70 to $93 per barrel range since early July, swinging on Iran ceasefire-and-escalation headlines rather than any lasting loss of physical supply. The Strait of Hormuz remains the key flashpoint, and talks with Iran had stalled as of mid-August without any drop in actual shipping flows through the Strait. We view these headline-driven pullbacks as a near-term risk to monitor rather than a break in the broader disinflation and earnings trends.

The S&P 500 found support near 7,449 to 7,455 in early July and has since consolidated into resistance around 7,504 to 7,513, a pattern that reads as a pause rather than a breakdown. A daily close above 7,480 would confirm the bullish structure remains intact and support the case that recent volatility is a stop on the way to our newly raised year-end target of 8,000, up from 7,700.

Sources: Fundstrat Global Advisors; FRED; BLS; Bloomberg.



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