



Weekly Market Recap

The week in review

- Headline/Core CPI: +8.6%/+6.0% y/y
- Initial claims rose to 229K

The week ahead

- Retail sales
- Housing starts
- Industrial production
- Manufacturing production

Thought of the week

Last Friday, the May CPI report showed that inflation, as measured by the Consumer Price Index (CPI), increased 8.6% y/y. Core CPI, which excludes food and energy CPI, increased 6.0% y/y. Relative to April, Headline and Core CPI rose 1% and 0.6%, respectively. Prices continue to increase across all segments but energy remains the biggest pain point; supply constraints and bans on Russian oil have pushed energy prices higher, with crude oil prices rising above \$120/barrel last week.

Given the backdrop of persistently high energy prices, it is no surprise that Energy is the only S&P 500 sector with positive year-to-date returns. This outperformance can largely be attributed to the sector's ability to preserve profit margins. This week's chart shows the "crack spread," which is the difference between the purchase price of crude oil and the selling price of gasoline. Put differently, it is a proxy for tracking the short-term profit margins of refinery companies. The spread has trended above its 3-year average since the start of the calendar year as higher oil prices, wages and transportation costs have led to an increase in the price of gasoline.

Looking ahead, energy sector profitability will hinge on consumption, which has remained resilient for the time being. However, with growth slowing and the Fed becoming more hawkish, consumption may soften, particularly if unemployment rises and savings are depleted, but oil prices remain high.

Please see important disclosures on next page.

Weekly Data Center

Equities	Level	Index Returns (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
S&P 500	3901	-5.04	-13.62	-17.60	-6.65	42.07
Dow Jones 30	31393	-4.56	-9.05	-12.78	-7.15	28.37
Russell 2000	4474	-4.37	-12.83	-19.39	-21.22	22.66
Russell 1000 Growth	1486	-5.73	-19.31	-26.61	-13.56	48.06
Russell 1000 Value	919.62	-4.42	-8.54	-9.22	-4.05	30.06
MSCI EAFE	1934	-4.64	-10.30	-15.49	-15.59	12.17
MSCI EM	1055	-0.52	-7.05	-13.48	-21.42	11.76
NASDAQ	11340	-5.59	-20.12	-27.26	-18.56	48.57

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	3.77	-1.52	-5.02	-10.65	-10.56	-2.02
U.S. Corporates	4.61	-1.79	-6.69	-13.86	-13.23	-0.31
Municipals (10yr)	2.82	-0.57	-1.38	-7.52	-7.54	1.00
High Yield	7.82	-2.33	-5.96	-10.50	-8.50	6.06

Key Rates	Levels (%)					
	6/10/22	6/3/22	3/31/22	12/31/21	6/10/21	6/10/19
2-yr U.S. Treasuries	3.06	2.66	2.28	0.73	0.14	1.90
10-yr U.S. Treasuries	3.15	2.96	2.32	1.52	1.45	2.15
30-yr U.S. Treasuries	3.20	3.11	2.44	1.90	2.15	2.62
10-yr German Bund	1.46	1.26	0.55	-0.18	-0.24	-0.22
3-mo. LIBOR	1.74	1.63	0.96	0.21	0.12	2.44
3-mo. EURIBOR	-0.28	-0.33	-0.46	-0.57	-0.55	-0.32
6-mo. CD rate	0.35	0.43	0.16	0.14	0.16	0.95
30-yr fixed mortgage	5.40	5.40	4.80	3.33	3.15	4.12
Prime Rate	4.00	4.00	3.50	3.25	3.25	5.50

Index Characteristics			
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)
16.31	4.05	1.56	71.19
15.66	4.33	2.01	323.94
16.62	2.10	1.21	1.41
21.56	10.53	0.89	50.31
13.41	2.42	2.09	32.52
12.34	1.67	3.12	23.72
11.51	1.70	2.82	17.37
23.21	5.42	0.84	5.59

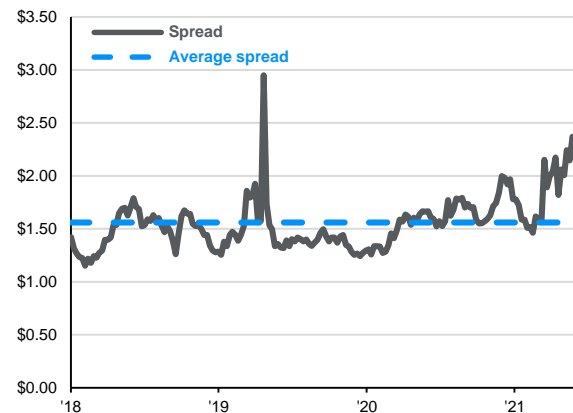
Currencies	Levels		
	6/10/22	12/31/21	6/10/21
\$ per €	1.05	1.14	1.22
\$ per £	1.23	1.35	1.41
¥ per \$	134.24	115.16	109.61

Commod.	Levels		
	6/10/22	12/31/21	6/10/21
Oil (WTI)	120.67	75.33	70.34
Gasoline	4.88	3.28	3.04
Natural Gas	8.85	3.82	3.13
Gold	1830	1806	1889
Silver	21.59	23.09	27.66
Copper	9537	9692	9809
Corn	7.63	5.86	6.97
BBG Idx	290.00	211.80	202.90

Chart of the Week

"Crack spread" continues to rise

Spread between U.S. retail gasoline and crude oil prices per gallon, last 3 years



Style Returns

	V	B	G
L	-4.4	-5.0	-5.7
M	-5.0	-5.1	-5.4
S	-4.0	-4.4	-4.8
	V	B	G
L	-9.2	-17.6	-26.6
M	-10.9	-17.3	-28.9
S	-11.1	-19.4	-27.6

S&P 500 Sector Returns

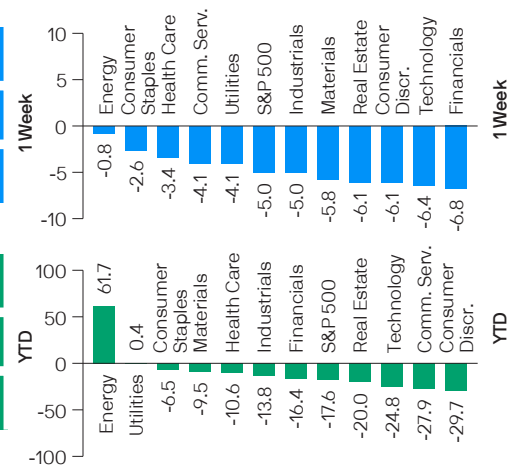




Chart of the Week: Source: BLS, J.P. Morgan Asset Management.
Thought of the week: Source: BLS, Challenger, J.P. Morgan Asset Management.

Abbreviations: Cons. Sent.: University of Michigan Consumer Sentiment Index; CPI: Consumer Price Index; EIA: Energy Information Agency; FHFA HPI: - Federal Housing Finance Authority House Price Index; FOMC: Federal Open Market Committee; GDP: gross domestic product; HPI: Home Price Index; HMI: Housing Market Index; ISM Mfg. Index: Institute for Supply Management Manufacturing Index; PCE: Personal consumption expenditures; Philly Fed Survey: Philadelphia Fed Business Outlook Survey; PMI: Purchasing Managers' Manufacturing Index; PPI: Producer Price Index; SAAR: Seasonally Adjusted Annual Rate

Equity Price Levels and Returns: All returns represent total return for stated period. Index: S&P 500; provided by: Standard & Poor's. Index: Dow Jones Industrial 30 (The Dow Jones is a price-weighted index composing of 30 widely-traded blue chip stocks.) ; provided by: S&P Dow Jones Indices LLC. Index: Russell 2000; provided by: Russell Investments. Index: Russell 1000 Growth; provided by: Russell Investments. Index: Russell 1000 Value; provided by: Russell Investments. Index: MSCI – EAFE; provided by: MSCI – gross official pricing. Index: MSCI – EM; provided by: MSCI – gross official pricing. Index: Nasdaq Composite; provided by: NASDAQ OMX Group.

MSCI EAFE is a Morgan Stanley Capital International Index that is designed to measure the performance of the developed stock markets of Europe, Australasia, and the Far East.

Bond Returns: All returns represent total return. Index: Bloomberg US Aggregate; provided by: Bloomberg Capital. Index: Bloomberg Investment Grade Credit; provided by: Bloomberg Capital. Index: Bloomberg Municipal Bond 10 Yr; provided by: Bloomberg Capital. Index: Bloomberg Capital High Yield Index; provided by: Bloomberg Capital.

Key Interest Rates: 2 Year Treasury, FactSet; 10 Year Treasury, FactSet; 30 Year Treasury, FactSet; 10 Year German Bund, FactSet. 3 Month LIBOR, British Bankers' Association; 3 Month EURIBOR, European Banking Federation; 6 Month CD, Federal Reserve; 30 Year Mortgage, Mortgage Bankers Association (MBA); Prime Rate: Federal Reserve.

Commodities: Gold, FactSet; Crude Oil (WTI), FactSet; Gasoline, FactSet; Natural Gas, FactSet; Silver, FactSet; Copper, FactSet; Corn, FactSet. Bloomberg Commodity Index (BBG Idx), Bloomberg Finance L.P.

Currency: Dollar per Pound, FactSet; Dollar per Euro, FactSet; Yen per Dollar, FactSet.

S&P Index Characteristics: Dividend yield provided by FactSet Pricing database. Fwd. P/E is a bottom-up weighted harmonic average using First Call Mean estimates for the "Next 12 Months" (NTM) period. Market cap is a bottom-up weighted average based on share information from Compustat and price information from FactSet's Pricing database as provided by Standard & Poor's.

MSCI Index Characteristics: Dividend yield provided by FactSet Pricing database. Fwd. P/E is a bottom-up weighted harmonic average for the "Next 12 Months" (NTM) period. Market cap is a bottom-up weighted average based on share information from MSCI and Price information from FactSet's Pricing database as provided by MSCI.

Russell 1000 Value Index, Russell 1000 Growth Index, and Russell 2000 Index Characteristics: Trailing P/E is provided directly by Russell. Fwd. P/E is a bottom-up weighted harmonic average using

First Call Mean estimates for the "Next 12 Months" (NTM) period. Market cap is a bottom-up weighted average based on share information from Compustat and price information from FactSet's Pricing database as provided by Russell.

Sector Returns: Sectors are based on the GICS methodology. Return data are calculated by FactSet using constituents and weights as provided by Standard & Poor's. Returns are cumulative total return for stated period, including reinvestment of dividends.

Style Returns: Style box returns based on Russell Indexes with the exception of the Large-Cap Blend box, which reflects the S&P 500 Index. All values are cumulative total return for stated period including the reinvestment of dividends. The Index used from L to R, top to bottom are: Russell 1000 Value Index (Measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values), S&P 500 Index (Index represents the 500 Large Cap portion of the stock market, and is comprised of 500 stocks as selected by the S&P Index Committee), Russell 1000 Growth Index (Measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values), Russell Mid Cap Value Index (Measures the performance of those Russell Mid Cap companies with lower price-to-book ratios and lower forecasted growth values), Russell Mid Cap Index (The Russell Midcap Index includes the smallest 800 securities in the Russell 1000), Russell Mid Cap Growth Index (Measures the performance of those Russell Mid Cap companies with higher price-to-book ratios and higher forecasted growth values), Russell 2000 Value Index (Measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values), Russell 2000 Index (The Russell 2000 includes the smallest 2000 securities in the Russell 3000), Russell 2000 Growth Index (Measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values).

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