Weekly Market Recap

The week in review

- Flash Mfg. PMI fell to 51.2 from 53.6
- Flash Svcs. PMI fell to 51.6 from 53.4
- Existing home sales fell to 5.4m from 5.6m SAAR

The week ahead

- Headline and core PCE
- ISM June PMIs
- Case-Shiller Home Price Index
- Personal income and spending

Thought of the week

As investors mull the increasing odds of a U.S. recession, data out last week confirmed a recent weakening in the economy. The June flash PMIs showed larger-than-anticipated declines in the headline measures with many key details deteriorating. In the manufacturing survey, the headline composite fell from 57.0 in May to 52.4, with a sharp weakening in the important measures tied to new orders and output. The services sector also showed signs of softness, with the headline composite declining from 53.4 in May to 51.6 and the measure of new business dropping 7.5pts—the largest decline since the onset of the pandemic. With consumer sentiment at a record low level, these data show that the economy is now seeing the impact of higher commodity prices and higher interest rates on demand. However, there are few signs of weakening in the labor market so far with initial jobless claims edging down to 229,000 over the past week.

For investors, the unusual juxtaposition of pent-up demand for goods and services and excess demand for labor with a clear softening in retail sales and consumer confidence makes it very challenging to conclude if we are on the brink of a recession. However, if we are, there's no reason to expect that it will be nearly as severe as the last two. Moreover, since the economy spends the majority of the time in expansion, for long-term investors, it is ultimately more important to be well-positioned for expansions than to try to tactically trade around recessions.

Please see important disclosures on next page.

Weekly Data Center

		Index Returns (%)						Index Characteristics			
Equities	Level	1 week	QTD	YTD	1 year	3-yr. Cum.		NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)
S&P 500	3912	6.46	-13.33	-17.31	-6.98	39.62		16.32	4.02	1.56	71.87
Dow Jones 30	31501	5.39	-8.69	-12.43	-6.09	25.62		15.68	4.32	2.00	330.18
Russell 2000	4388	6.02	-14.45	-20.88	-23.45	19.79		16.15	2.06	1.24	1.39
Russell 1000 Growth	1523	7.94	-17.31	-24.78	-14.13	48.57		21.99	10.50	0.87	51.44
Russell 1000 Value	903.75	5.31	-10.05	-10.71	-4.31	25.71		13.14	2.39	2.13	32.42
MSCI EAFE	1874	2.83	-13.04	-18.08	-17.02	6.49		11.94	1.64	3.12	23.01
MSCI EM	1011	0.81	-10.65	-16.84	-23.94	3.92		11.17	1.67	2.82	17.08
NASDAQ	11608	7.51	-18.21	-25.52	-18.66	48.60		22.88	5.35	0.82	5.73

Fixed Income	Yield	1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	3.81	0.61	-5.32	-10.94	-10.68	-3.26
U.S. Corporates	4.73	0.34	-7.48	-14.59	-14.05	-2.93
Municipals (10yr)	3.08	0.69	-2.49	-8.57	-8.09	-0.29
High Yield	8.44	0.57	-8.17	-12.61	-10.89	2.39

	Levels		
Currencies	6/24/22	12/31/21	6/24/21
$ per €	1.05	1.14	1.19
$ per £	1.23	1.35	1.39
¥ per $	135.22	115.16	110.85

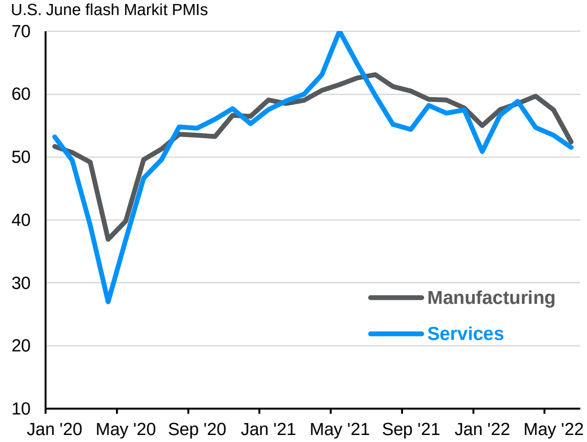
	Levels (%)					
Key Rates	6/24/22	6/17/22	3/31/22	12/31/21	6/24/21	6/24/19
2-yr U.S. Treasuries	3.04	3.17	2.28	0.73	0.26	1.72
10-yr U.S. Treasuries	3.13	3.25	2.32	1.52	1.49	2.02
30-yr U.S. Treasuries	3.26	3.30	2.44	1.90	2.10	2.55
10-yr German Bund	1.44	1.73	0.55	-0.18	-0.19	-0.30
3-mo. LIBOR	2.23	2.10	0.96	0.21	0.15	2.33
3-mo. EURIBOR	-0.22	-0.17	-0.46	-0.57	-0.54	-0.34
6-mo. CD rate	0.42	0.41	0.16	0.14	0.16	0.94
30-yr fixed mortgage	5.98	5.98	4.80	3.33	3.18	4.06
Prime Rate	4.75	4.75	3.50	3.25	3.25	5.50

	Levels		
Commod.	6/24/22	12/31/21	6/24/21
Oil (WTI)	107.62	75.33	73.31
Gasoline	N/A	3.28	3.06
Natural Gas	6.22	3.82	3.30
Gold	1825	1806	1785
Silver	20.86	23.09	25.99
Copper	8281	9692	9391
Corn	8.10	5.86	6.34
BBG Idx	259.92	211.80	197.20

Chart of the Week

Soft data gets softer

U.S. June flash Markit PMIs



Style Returns

1 Week

	V	B	G
L	5.3	6.5	7.9
M	4.9	6.0	8.6
S	4.0	6.0	8.4

YTD

	V	B	G
L	-10.7	-17.3	-24.8
M	-13.9	-18.8	-27.7
S	-14.9	-20.9	-26.9

S&P 500 Sector Returns

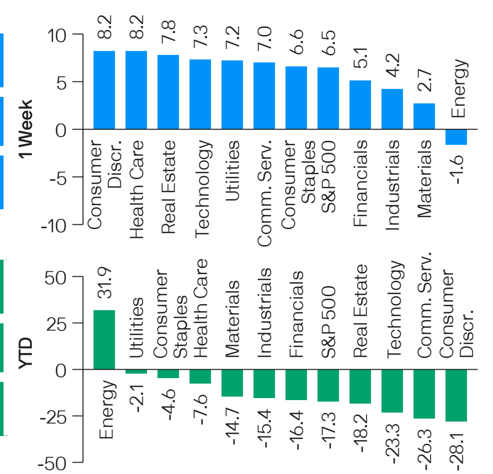


Chart of the Week: Source: S&P Global, J.P. Morgan Asset Management.

Thought of the week: Source: BLS, S&P Global, 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: Blomberg 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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