



# Weekly Market Recap

## The week in review

- Headline CPI rose 1.3% m/m and 9.1% y/y
- Retail sales rose 1% m/m, ex-auto rose 1.0% m/m
- Consumer sentiment recovered to 51.1 from 50.0 in June

## The week ahead

- Housing starts and existing home sales
- Markit Mfg. flash PMI
- Philadelphia Fed Mfg. Survey

## Thought of the week

While markets were anticipating a hot headline CPI reading, the June CPI report showed even hotter-than-expected inflation, with core inflation most surprisingly exceeding expectations. Headline CPI rose by 1.3% m/m and Core CPI rose 0.7% m/m, translating to year-over-year gains of 9.1% and 5.9%, respectively. Sharply higher energy and food prices once again propelled headline inflation higher, while within core inflation, the lagged “bad news” of higher costs of inputs and labor is broadly pushing prices higher. We still expect that the Fed will hike interest rates by another 0.75% later this month. Thereafter, the broad-based impact of higher food and energy prices across core components may add pressure on the Fed to hike interest rates even further this year.

On the bright side, we see promising signs of inflation coming off its highs in July. Oil and gas prices have dipped meaningfully (down 11% and 4% from June), as have airline fares (down 8%), and this should lead to a deceleration of price pressures in the coming months. Consumer 1-year and 5-year inflation expectations also came down in the University of Michigan’s preliminary July results, dropping from 5.3% to 5.2% and from 3.1% to 2.8%, respectively. If these trends continue, June may mark the last hot month of headline inflation, with stickier components taking the baton going forward. This should provide some inflation relief to the Fed and consumers. However, the question remains whether the Fed will exercise the patience for this lagged “good news” to flow through, or race to stomp out demand before it does.

Please see important disclosures on next page.

## Weekly Data Center

Equities	Level	1 week	Index Returns (%)			
			QTD	YTD	1 year	3-yr. Cum.
S&P 500	3863	-0.91	2.12	-18.27	-10.09	34.72
Dow Jones 30	31288	-0.16	1.71	-12.97	-8.82	21.87
Russell 2000	4335	-1.40	2.17	-21.76	-19.40	15.94
Russell 1000 Growth	1506	-1.29	3.43	-25.60	-17.57	42.65
Russell 1000 Value	887.67	-0.83	0.79	-12.17	-6.09	21.07
MSCI EAFE	1817	-1.75	-1.54	-20.50	-18.88	2.93
MSCI EM	961.85	-3.68	-3.48	-20.35	-26.39	-1.39
NASDAQ	11452	-1.57	3.86	-26.50	-20.70	42.12

Fixed Income	Yield	1 week	Levels (%)			
			QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	3.71	0.89	0.62	-9.80	-10.41	-1.92
U.S. Corporates	4.63	1.06	1.12	-13.43	-13.98	-1.54
Municipals (10yr)	2.75	0.37	1.62	-6.77	-7.09	1.22
High Yield	8.58	0.26	1.78	-12.66	-11.51	2.12

Key Rates	Levels (%)					
	7/15/22	7/8/22	6/30/22	12/31/21	7/15/21	7/15/19
2-yr U.S. Treasuries	3.13	3.12	2.92	0.73	0.23	1.83
10-yr U.S. Treasuries	2.93	3.09	2.98	1.52	1.31	2.09
30-yr U.S. Treasuries	3.10	3.27	3.14	1.90	1.92	2.61
10-yr German Bund	1.12	1.29	1.38	-0.18	-0.32	-0.25
3-mo. LIBOR	2.74	2.42	2.29	0.21	0.13	2.30
3-mo. EURIBOR	0.07	-0.09	-0.20	-0.57	-0.55	-0.36
6-mo. CD rate	0.51	0.50	N/A	0.14	0.15	0.93
30-yr fixed mortgage	5.74	5.74	5.84	3.33	3.09	4.12
Prime Rate	4.75	4.75	4.75	3.25	3.25	5.50

Index Characteristics				
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)	
16.14	3.96	1.59	32559	
15.72	4.28	2.01	9390	
17.32	2.00	1.28	2299	
21.75	10.12	0.91	18224	
12.85	2.33	2.19	17791	
11.81	1.62	3.38	13402	
10.86	1.63	3.09	6261	
22.64	5.25	0.85	18737	

Currencies	Levels		
	7/15/22	12/31/21	7/15/21
\$ per €	1.01	1.14	1.18
\$ per £	1.19	1.35	1.39
¥ per \$	138.59	115.16	110.04

Commod.	Levels		
	7/15/22	12/31/21	7/15/21
Oil (WTI)	97.59	75.33	71.67
Gasoline	4.65	3.28	3.13
Natural Gas	7.02	3.82	3.68
Gold	1706	1806	1824
Silver	18.46	23.09	26.21
Copper	7000	9692	9347
Corn	6.64	5.86	6.09
BBG Idx	243.38	211.80	200.99

## Chart of the Week

### Oil prices down 11% from June

WTI Crude Oil, \$/bbl



## Style Returns

	V	B	G
L	-0.8	-0.9	-1.3
M	-0.8	-1.3	-2.2
S	-0.8	-1.4	-2.0
	V	B	G
L	-12.2	-18.3	-25.6
M	-15.4	-20.4	-29.3
S	-15.9	-21.8	-27.6

## S&P 500 Sector Returns

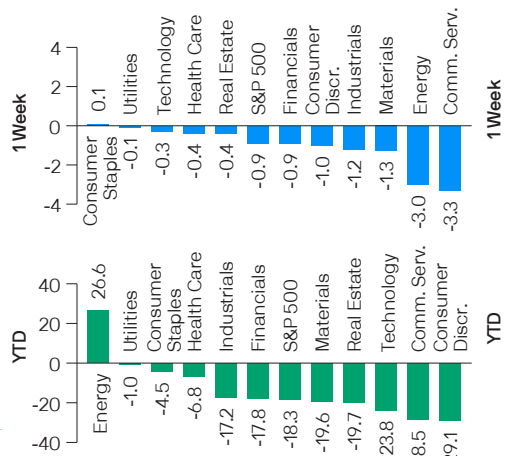




Chart of the Week: Source: BLS, CRB, Hopper, Department of Energy, FactSet, University of Michigan, J.P. Morgan Asset Management.

Thought of the week: Source: CRB, FactSet, 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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