

# Weekly Market Recap

## The week in review

- Markit Mfg./Services PMI (prelim): 52.3/47.0
- Housing starts decreased 2.0% m/m
- Initial claims: 251k versus 240k expected
- ECB raised rates by 50bps to 0%

## The week ahead

- July FOMC meeting
- 2Q22 real GDP
- Personal income

## Thought of the week

With 22.9% of market reporting, our current estimate for Q2 2022 S&P 500 operating earnings per share (EPS) is \$54.28 (\$46.59 ex-financials). If realized, this would represent y/y growth of 4.3% and q/q growth of 10.0%.

At the sector level, estimates are pointing toward sizeable growth in earnings among the energy, materials and industrials sectors. This is unsurprising given all three sectors are highly cyclical and directly benefit from the surge in prices we saw in 1H22. Last week, we had a glimpse into how earnings within industrials may fare, with U.S. airlines releasing earnings. Results were positive, as many airlines beat profit estimates on the back of stronger-than-expected demand even amid higher ticket prices and an uptick in flight disruptions. Additionally, while guidance for 2022 was revised downwards for the industry, management teams noted they still expect to record a profit in the coming quarters. Unlike its cyclical counterparts, financials are having a tough quarter, with operating earnings projected to contract 39% y/y. The decline can be primarily attributed to a build-up of loan loss reserves, a fall in investment banking activity and a slowdown in mortgage fees. These pressures have been partially offset by solid net interest income growth, higher card spending and strong trading revenue.

Despite these higher costs and decline in consumer sentiment, 2Q22 operating margins have remained resilient at 12.8%, above their long-run average of 9.9%. While many companies are yet to report, this could be a signal that corporate profits may not be as weak as recent headlines suggest.

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	3962	2.57	4.73	-16.17	-7.95	39.50
Dow Jones 30	31899	2.00	3.74	-11.24	-6.60	25.10
Russell 2000	4491	3.59	5.84	-18.96	-16.85	21.41
Russell 1000 Growth	1553	3.13	6.68	-23.27	-16.03	48.41
Russell 1000 Value	908.23	2.33	3.14	-10.12	-3.53	25.11
MSCI EAFE	1897	4.43	2.82	-16.98	-14.79	7.94
MSCI EM	990.37	3.00	-0.58	-17.95	-22.97	1.83
NASDAQ	11834	3.33	7.32	-24.05	-18.84	47.82

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	3.53	1.17	1.79	-8.74	-9.57	-1.12
U.S. Corporates	4.43	1.58	2.72	-12.05	-12.86	-0.45
Municipals (10yr)	2.69	0.33	1.95	-6.47	-6.89	1.33
High Yield	8.09	2.48	4.30	-10.50	-9.29	4.80

Key Rates	Levels (%)					
	7/22/22	7/15/22	6/30/22	12/31/21	7/22/21	7/22/19
2-yr U.S. Treasuries	2.98	3.13	2.92	0.73	0.20	1.80
10-yr U.S. Treasuries	2.77	2.93	2.98	1.52	1.27	2.05
30-yr U.S. Treasuries	3.00	3.10	3.14	1.90	1.90	2.58
10-yr German Bund	1.04	1.12	1.38	-0.18	-0.41	-0.35
3-mo. LIBOR	2.77	2.74	2.29	0.21	0.13	2.28
3-mo. EURIBOR	0.20	0.07	-0.20	-0.57	-0.55	-0.37
6-mo. CD rate	0.62	0.54	N/A	0.14	0.15	0.95
30-yr fixed mortgage	5.82	5.82	5.84	3.33	3.11	4.08
Prime Rate	4.75	4.75	4.75	3.25	3.25	5.50

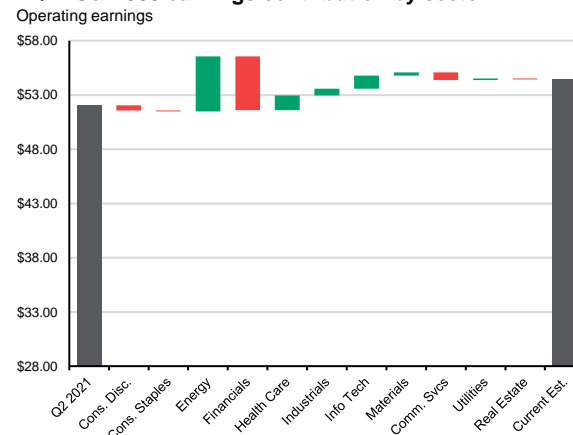
Index Characteristics				
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)	
16.58	4.01	1.55	33389	
15.99	4.32	1.98	9796	
17.92	2.03	1.24	2368	
22.50	10.35	0.88	18793	
13.17	2.36	2.14	18205	
12.21	1.64	3.38	13997	
11.13	1.65	3.09	6447	
23.47	5.32	0.82	19362	

Currencies	Levels		
	7/22/22	12/31/21	7/22/21
\$ per €	1.02	1.14	1.18
\$ per £	1.20	1.35	1.38
¥ per \$	136.05	115.16	110.14

Commod.	Levels		
	7/22/22	12/31/21	7/22/21
Oil (WTI)	94.70	75.33	72.15
Gasoline	4.49	3.28	3.15
Natural Gas	8.30	3.82	4.02
Gold	1737	1806	1799
Silver	18.81	23.09	25.07
Copper	3732	9692	9383
Corn	6.24	5.86	5.90
BBG Idx	250.04	211.80	203.93

## Chart of the Week

### 2Q22 S&P 500 earnings contribution by sector



## Style Returns

	V	B	G
L	2.3	2.6	3.1
M	3.2	3.7	4.6
S	3.4	3.6	3.8
L	-10.1	-16.2	-23.3
M	-12.6	-17.4	-26.1
S	-13.1	-19.0	-24.8

## S&P 500 Sector Returns

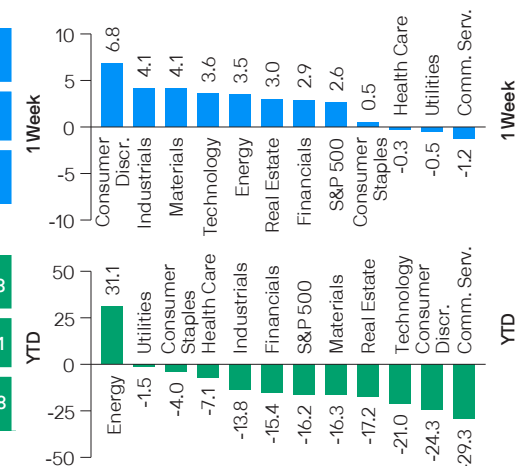




Chart of the Week: Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.

Thought of the week: Source: FactSet, Standard & Poor's, 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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**Diversification does not guarantee investment returns and does not eliminate the risk of loss.**

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