

Weekly Market Recap

The week in review

- Light vehicle sales remained flat at 12.7 million

The week ahead

- JOLTS
- Unemployment rate

Thought of the week

Stock-bond correlations remained positive in 2Q22, as both equities and fixed income delivered negative returns through the end of the second quarter. Tighter monetary policy from the Federal Reserve along with persistently high inflation, continued supply chain bottlenecks and the conflict in Ukraine hurt investors across both asset classes. In contrast, commodities finished 1H22 up 18.4% due to the surge in food and energy prices.

U.S. fixed income markets declined 10.3%, as the Federal Reserve hiked rates by 75 basis points at its June meeting in response to the higher-than-expected inflation. Similarly, global high yield struggled during the first six months of the year, with the sector down 16.9% as corporate credit quality weakened amidst rising costs and a potential pullback in demand.

Turning to equities, U.S. large and small caps decreased 20.0% and 23.4%, respectively, in 1H22 due to higher interest rates normalizing multiples and a slowdown in profit growth. In international markets, EM and DM equity decreased 17.5% and 19.3%, respectively. The conflict in Ukraine continues to weigh more heavily on the developed European markets, with the region seeing significantly higher energy prices in addition to tighter monetary policy from the ECB and Bank of England.

As we enter the back half of 2022, for bond investors, the move higher in Treasury rates and the widening in credit spreads has led to some of the most attractive yield levels in recent history. For equity investors, the S&P 500 forward P/E ratio is now below its long-term average – potentially representing an attractive buying opportunity. However, investors should remain selective and look at companies that will be able to preserve profitability in the current macro environment, as earnings growth looks set to be the key driver of returns going forward.

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	3825	-2.18	1.06	-19.11	-10.15	35.68
Dow Jones 30	31097	-1.27	1.05	-13.54	-8.46	24.07
Russell 2000	4294	-2.09	1.16	-22.54	-24.94	14.26
Russell 1000 Growth	1471	-3.42	1.00	-27.35	-18.20	42.77
Russell 1000 Value	892.70	-1.16	1.28	-11.75	-6.25	22.89
MSCI EAFE	1832	-2.18	-0.75	-19.86	-18.11	3.40
MSCI EM	992.84	-1.53	-0.77	-18.11	-25.24	1.09
NASDAQ	11128	-4.12	0.90	-28.60	-22.84	40.95

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	3.62	1.27	0.61	-9.81	-9.71	-2.07
U.S. Corporates	4.62	0.80	0.55	-13.91	-13.66	-2.36
Municipals (10yr)	2.98	0.66	0.32	-7.96	-7.62	0.31
High Yield	8.86	-1.63	0.19	-14.03	-12.77	0.61

Key Rates	Levels (%)					
	7/1/22	6/24/22	6/30/22	12/31/21	7/1/21	7/1/19
2-yr U.S. Treasuries	2.84	3.04	2.92	0.73	0.25	1.78
10-yr U.S. Treasuries	2.88	3.13	2.98	1.52	1.48	2.03
30-yr U.S. Treasuries	3.11	3.26	3.14	1.90	2.07	2.55
10-yr German Bund	1.17	1.44	1.38	-0.18	-0.21	-0.32
3-mo. LIBOR	2.29	2.23	2.29	0.21	0.14	2.33
3-mo. EURIBOR	-0.18	-0.22	-0.20	-0.57	-0.54	-0.35
6-mo. CD rate	0.50	0.42	0.46	0.14	0.16	0.93
30-yr fixed mortgage	5.84	5.84	5.84	3.33	3.20	4.07
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)	
15.99	3.97	1.59	32240	
15.55	4.28	2.03	7451	
17.40	2.01	1.27	2282	
21.25	10.16	0.92	17804	
12.94	2.35	2.16	17893	
11.73	1.62	3.38	13515	
11.01	1.66	3.09	6462	
22.02	5.23	0.85	18219	

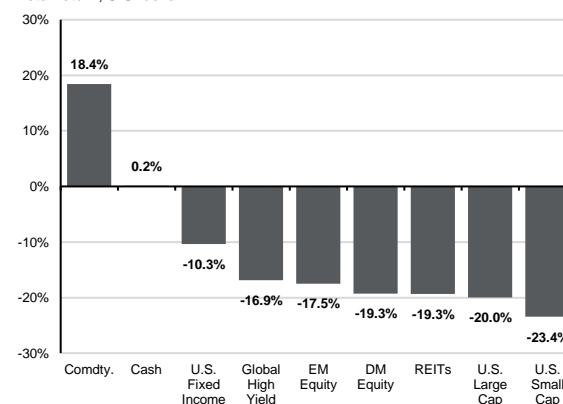
Currencies	Levels		
	7/1/22	12/31/21	7/1/21
\$ per €	1.04	1.14	1.19
\$ per £	1.20	1.35	1.38
¥ per \$	135.12	115.16	111.54

Commod.	Levels		
	7/1/22	12/31/21	7/1/21
Oil (WTI)	108.43	75.33	75.33
Gasoline	N/A	3.28	3.09
Natural Gas	5.73	3.82	3.76
Gold	1797	1806	1782
Silver	19.73	23.09	26.26
Copper	7976	9692	9342
Corn	8.04	5.86	6.47
BBG Idx	251.04	211.80	202.18

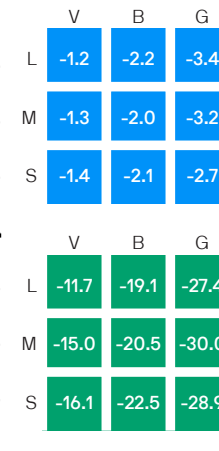
Chart of the Week

1H22 asset class returns

Total return, U.S. dollar



Style Returns



S&P 500 Sector Returns

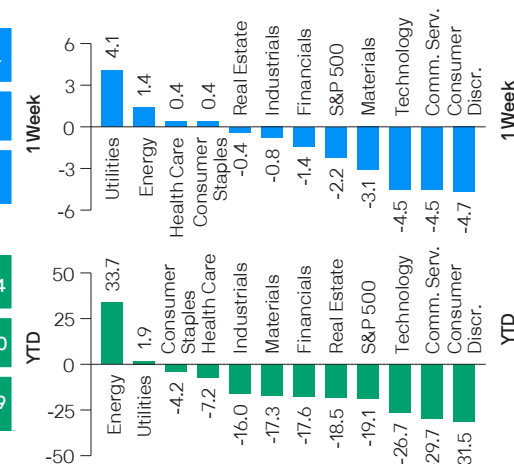




Chart of the Week: Source: Bloomberg, FactSet, FTSE Russell, MSCI, NAREIT, Standard and Poor's, J.P. MorganAsset Management.

Thought of the week: Source: Bloomberg, FactSet, FTSE Russell, MSCI, NAREIT, Standard and Poor's, J.P. MorganAsset 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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