

Weekly Market Recap

The week in review

- Fed raised rates by 0.75% to a range of 2.25%-2.50%.
- Eurozone eked out +0.7% GDP growth in 2Q.
- 2s/10s curve saw its most inverted level in 20 years.

The week ahead

- July jobs report
- July PMIs
- 2Q earnings season continues

Thought of the week

Real GDP fell 0.9% in 2Q, marking the U.S. economy's second straight quarter of decline. Weakness was broad-based with slowdowns in inventory rebuilding, residential and non-residential construction and capital spending. This was marginally offset by gains in consumer spending and trade; however, with higher inflation eroding Americans' purchasing power, higher mortgage rates slowing down the housing market and a higher USD hurting exports, growth is likely to stay subdued this year.

While two consecutive quarters of negative GDP growth may lead some to jump to the term "recession", we are not there yet according to the definition used by the National Bureau of Economic Research (NBER), the de facto scorekeepers of U.S. recessions. NBER's definition is much broader, encompassing declines in employment, industrial production, household income and trade. Take employment as the prime example here. In 2Q, we saw average nonfarm payroll growth of 375K/month while the unemployment rate held at 3.6%. This strong of a labor market seems to contradict NBER's definition. However, it will be important to monitor the labor market in 2H22 to look for any signs of deterioration and the possible start of a recession.

While the gloomy GDP print will reinforce pessimism concerning the health of the U.S. economy, it does present a slight silver lining. The growth slowdown in 1H22 shows that the Fed's aggressive hiking cycle is delivering on its intended consequences – higher rates are slowing demand and growth, which should help alleviate some inflationary pressure in 2H22.

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	4130	4.28	9.22	-12.58	-5.15	43.73
Dow Jones 30	32845	2.97	6.82	-8.60	-4.54	28.58
Russell 2000	4685	4.35	10.44	-15.43	-14.82	24.72
Russell 1000 Growth	1630	4.99	12.00	-19.44	-12.58	54.06
Russell 1000 Value	938.62	3.39	6.63	-7.08	-1.79	27.69
MSCI EAFE	1937	2.11	4.99	-15.22	-14.62	10.36
MSCI EM	993.78	0.42	-0.16	-17.61	-20.85	2.96
NASDAQ	12391	4.72	12.39	-20.47	-15.56	53.12

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	3.42	0.64	2.44	-8.16	-8.98	-0.52
U.S. Corporates	4.33	0.50	3.24	-11.61	-12.45	-0.20
Municipals (10yr)	2.51	0.96	2.93	-5.57	-6.08	2.13
High Yield	7.77	1.53	5.90	-9.12	-8.00	5.95

Key Rates	Levels (%)					
	7/29/22	7/22/22	6/30/22	12/31/21	7/29/21	7/29/19
2-yr U.S. Treasuries	2.89	2.98	2.92	0.73	0.20	1.85
10-yr U.S. Treasuries	2.67	2.77	2.98	1.52	1.28	2.06
30-yr U.S. Treasuries	3.00	3.00	3.14	1.90	1.91	2.59
10-yr German Bund	0.85	1.04	1.38	-0.18	-0.44	-0.41
3-mo. LIBOR	2.79	2.77	2.29	0.21	0.13	2.26
3-mo. EURIBOR	0.23	0.20	-0.20	-0.57	-0.54	-0.37
6-mo. CD rate	0.76	0.65	N/A	0.14	0.15	0.94
30-yr fixed mortgage	5.74	5.74	5.84	3.33	3.01	4.08
Prime Rate	5.50	4.75	4.75	3.25	3.25	5.50

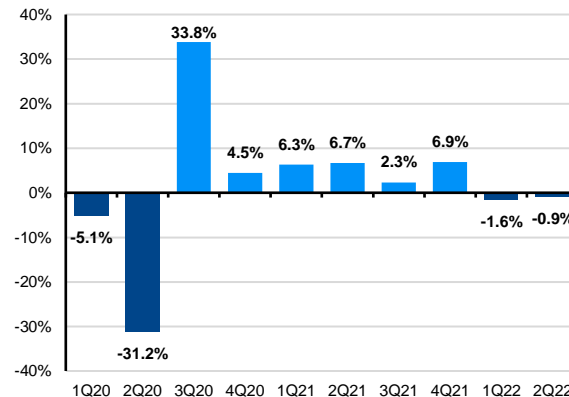
Index Characteristics			
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)
17.44	4.10	1.49	34810
16.59	4.41	1.92	10052
18.65	2.07	1.18	2461
23.85	10.63	0.84	19727
13.72	2.41	2.07	18815
12.37	1.65	3.23	14292
11.07	1.64	3.18	6471
24.98	5.46	0.78	20270

Currencies	Levels		
	7/29/22	12/31/21	7/29/21
\$ per €	1.02	1.14	1.19
\$ per £	1.22	1.35	1.40
¥ per \$	133.65	115.16	109.62

Commod.	Levels		
	7/29/22	12/31/21	7/29/21
Oil (WTI)	98.62	75.33	73.62
Gasoline	4.33	3.28	3.14
Natural Gas	8.23	3.82	4.06
Gold	1753	1806	1829
Silver	20.07	23.09	25.45
Copper	7801	9692	9781
Corn	6.76	5.86	5.81
BBG Idx	261.55	211.80	208.20

Chart of the Week

U.S. economy saw its second straight quarter of negative growth.



Style Returns

	V	B	G
L	3.4	4.3	5.0
M	4.1	4.4	4.7
S	4.4	4.3	4.3

	V	B	G
L	-7.1	-12.6	-19.4
M	-9.0	-13.8	-22.6
S	-9.3	-15.4	-21.6

S&P 500 Sector Returns

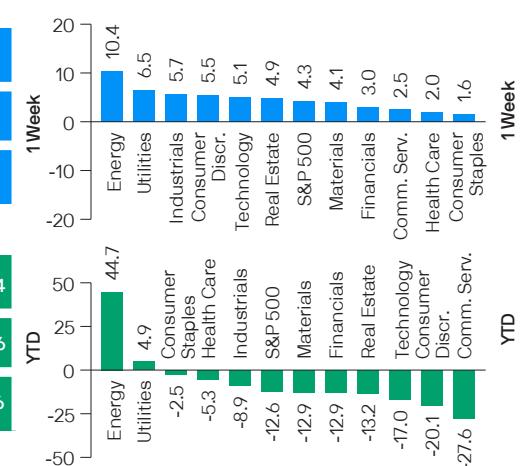




Chart of the Week: Source: BEA, J.P. Morgan Asset Management.

Thought of the week: Source: BEA, 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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