

Weekly Market Recap

The week in review

- Headline CPI: 0.0% m/m, 8.5% y/y
- Core CPI: 0.3% m/m, 5.9% y/y
- Initial claims rose to 262k from 248k

The week ahead

- Housing starts
- Industrial production
- Retail sales

Thought of the week

Following a relentless rise in inflation this year, markets have finally been able to breathe a sigh of relief as the July inflation figures were softer than expected. Headline CPI was unchanged month-over-month, whereas the year-over-year figure cooled to 8.5% from 9.1% in June. However, core CPI, which excludes food and energy, rose by 0.3% m/m and was unchanged on a year-over-year basis at 5.9%.

Turning to the details, the decline in energy prices was a key driver of this downward surprise, falling by 4.6% from a month prior. "Re-opening" demand seems to be cooling off too, with airfares and hotel prices easing by 7.8% and 3.2%, respectively, and used car prices also falling by 0.4%. On the other hand, food and shelter inflation remain persistent. Food prices increased by 1.1% m/m and owner's equivalent rent increased by 0.6% m/m. These numbers will be important to watch going forward, as food and shelter account for nearly 45% of the consumer price index and have a significant impact on inflation expectations.

The Federal Reserve will take note of this decline, but at best it offsets the very hot July jobs report. Furthermore, while inflation is expected to trend lower, it is unlikely to return to the Fed's target anytime soon. As such, a data-dependent Fed will likely continue to tighten policy into the end of 2022, and the market's expectation for rate cuts next year seems a bit misplaced.

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	4280	3.31	13.27	-9.34	-2.61	55.99
Dow Jones 30	33761	2.99	9.89	-5.98	-3.02	38.75
Russell 2000	5012	4.97	18.21	-9.48	-9.03	40.10
Russell 1000 Growth	1702	2.89	16.99	-15.85	-8.81	67.63
Russell 1000 Value	972.31	3.93	10.57	-3.65	0.16	39.35
MSCI EAFE	1964	2.17	6.58	-13.95	-14.20	16.45
MSCI EM	1017	1.66	2.49	-15.42	-18.55	13.31
NASDAQ	13047	3.10	18.40	-16.21	-11.31	70.01

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	3.62	0.24	1.63	-8.89	-9.23	-3.16
U.S. Corporates	4.43	0.60	2.94	-11.87	-11.91	-2.62
Municipals (10yr)	2.54	0.02	2.95	-5.55	-5.85	0.79
High Yield	7.48	0.94	7.60	-7.67	-6.17	8.41

Key Rates	Levels (%)					
	8/12/22	8/5/22	6/30/22	12/31/21	8/12/21	8/12/19
2-yr U.S. Treasuries	3.25	3.24	2.92	0.73	0.23	1.58
10-yr U.S. Treasuries	2.84	2.83	2.98	1.52	1.36	1.65
30-yr U.S. Treasuries	3.12	3.06	3.14	1.90	2.03	2.14
10-yr German Bund	0.98	0.93	1.38	-0.18	-0.46	-0.61
3-mo. LIBOR	2.92	2.87	2.29	0.21	0.12	2.18
3-mo. EURIBOR	0.33	0.28	-0.20	-0.57	-0.55	-0.40
6-mo. CD rate	0.87	0.83	N/A	0.14	0.15	0.86
30-yr fixed mortgage	5.47	5.47	5.84	3.33	2.99	3.93
Prime Rate	5.50	5.50	4.75	3.25	3.25	5.25

Index Characteristics			
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)
18.06	4.20	1.44	36073
16.99	4.48	1.87	8048
20.00	2.19	1.11	2629
25.01	10.84	0.81	20595
14.18	2.46	2.00	19482
12.42	1.66	3.23	14480
11.27	1.66	3.18	6620
26.61	5.61	0.75	21343

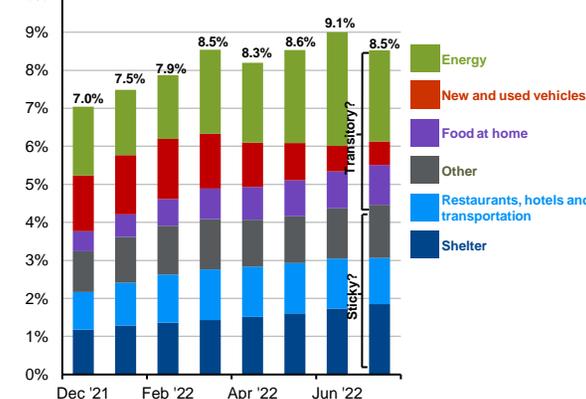
Currencies	Levels		
	8/12/22	12/31/21	8/12/21
\$ per €	1.02	1.14	1.17
\$ per £	1.21	1.35	1.38
¥ per \$	133.71	115.16	110.36

Commod.	Levels		
	8/12/22	12/31/21	8/12/21
Oil (WTI)	92.09	75.33	69.12
Gasoline	4.04	3.28	3.17
Natural Gas	8.77	3.82	4.10
Gold	1792	1806	1747
Silver	20.27	23.09	23.42
Copper	8065	9692	9509
Corn	6.70	5.86	5.80
BBG Idx	264.76	211.80	202.81

Chart of the Week

Contributors to headline inflation

Contribution to y/y % change in CPI, non seasonally adjusted



Style Returns

	V	B	G
L	3.9	3.3	2.9
M	4.6	4.2	3.4
S	5.2	5.0	4.8
	V	B	G
L	-3.6	-9.3	-15.9
M	-5.0	-9.6	-18.0
S	-3.7	-9.5	-15.4

S&P 500 Sector Returns

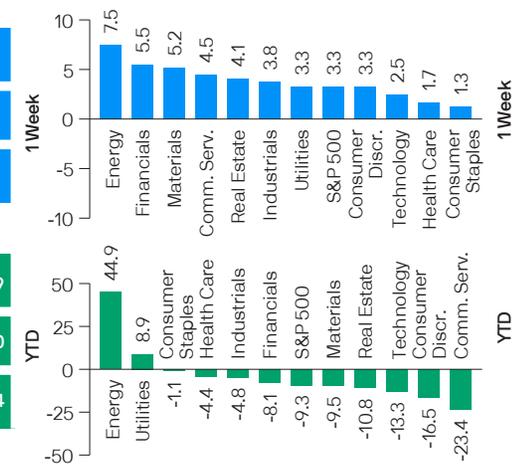




Chart of the Week: Source: BLS, FactSet, J.P. Morgan Asset Management.

Thought of the week: Source: BLS, 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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