



# Weekly Market Recap

## The week in review

- Initial claims decreased to 250k
- Retail sales/ex-auto: 0.0%/0.4% m/m
- Industrial production: 0.6% m/m

## The week ahead

- PCE
- Flash PMI

## Thought of the week

Nowhere in the economy has the surge in interest rates been more important than in the housing market, where the average 30-year fixed-rate mortgage rate rose from 3.0% this time last year to 5.4% this week. As shown in the chart of the week, this, along with dramatic home price increases, has boosted the average monthly mortgage payment up \$627 y/y. In response, this week's housing data weakened and revealed a further slowdown. July housing starts fell more than expected, contracting 9.6% to a seasonally adjusted annual rate of 1.446 million, the lowest level since August 2020. Building permits (a leading indicator of housing starts) slightly beat expectations, but also fell 1.3% to 1.674 million, suggesting further weakness ahead. In addition, the NAHB's Housing Market Index, which is designed to measure the pulse of the single-family housing market, dropped to 49 in August, marking the first dip below 50 since May 2020.

Investors have embraced the narrative that there is a "dovish Fed pivot" coming in the fall, yet this will be largely dependent on how fast inflation cools from here. While housing is important to economic growth overall, it is also critical for inflation. It will be key to see when this weakness in housing begins to translate to decelerating shelter inflation, which would allow core inflation to decrease more sharply. Shelter, accounting for a third of headline CPI, was one area of substantial inflationary pressure in the July CPI report. Shelter costs were up 0.5% during the month, likely stemming from these higher mortgage costs weighing on landlords. According to research from the Council of Economic Advisors, it has historically taken 16 months for weakness in housing to translate to lower shelter inflation, although the particular supply and demand imbalance this time around may prolong this lag.

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	4228	-1.16	11.95	-10.39	-2.58	51.96
Dow Jones 30	33707	-0.05	9.84	-6.02	-1.46	37.31
Russell 2000	4864	-2.90	14.77	-12.11	-7.08	34.66
Russell 1000 Growth	1673	-1.63	15.07	-17.23	-9.33	62.15
Russell 1000 Value	960.32	-1.18	9.26	-4.79	0.86	36.29
MSCI EAFE	1920	-2.19	4.25	-15.83	-14.20	14.38
MSCI EM	1001	-1.47	0.98	-16.67	-16.01	11.18
NASDAQ	12705	-2.58	15.34	-18.37	-11.99	62.65

Fixed Income	Yield	1 week	Levels (%)			
			QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	3.74	-0.89	0.73	-9.70	-10.53	-4.18
U.S. Corporates	4.59	-1.23	1.67	-12.96	-13.66	-3.98
Municipals (10yr)	2.82	-1.14	1.77	-6.63	-6.96	-0.67
High Yield	7.76	-1.21	6.30	-8.78	-7.24	6.95

Key Rates	Levels (%)					
	8/19/22	8/12/22	6/30/22	12/31/21	8/19/21	8/19/19
2-yr U.S. Treasuries	3.25	3.25	2.92	0.73	0.22	1.53
10-yr U.S. Treasuries	2.98	2.84	2.98	1.52	1.24	1.60
30-yr U.S. Treasuries	3.22	3.12	3.14	1.90	1.88	2.08
10-yr German Bund	1.23	0.98	1.38	-0.18	-0.48	-0.66
3-mo. LIBOR	2.96	2.92	2.29	0.21	0.13	2.15
3-mo. EURIBOR	0.43	0.33	-0.20	-0.57	-0.55	-0.42
6-mo. CD rate	0.90	0.87	N/A	0.14	0.15	0.84
30-yr fixed mortgage	5.45	5.45	5.84	3.33	3.06	3.90
Prime Rate	5.50	5.50	4.75	3.25	3.25	5.25

NTM P/E	P/B	Div. Yld.	Index Characteristics	
			Mkt. Cap (bn)	
17.81	4.16	1.47		35636
16.92	4.45	1.87		10144
19.61	2.14	1.17		2543
24.55	10.69	0.83		20251
13.98	2.44	2.04		19241
12.32	1.65	3.23		14153
11.24	1.65	3.18		6521
25.93	5.52	0.77		20787

Currencies	Levels		
	8/19/22	12/31/21	8/19/21
\$ per €	1.00	1.14	1.17
\$ per £	1.18	1.35	1.37
¥ per \$	137.12	115.16	109.73

Commod.	Levels		
	8/19/22	12/31/21	8/19/21
Oil (WTI)	90.77	75.33	63.69
Gasoline	3.94	3.28	3.17
Natural Gas	9.34	3.82	3.83
Gold	1751	1806	1782
Silver	19.23	23.09	23.34
Copper	8051	9692	8776
Corn	6.36	5.86	5.55
BBG Idx	262.99	211.80	196.27

## Chart of the Week

**Average monthly payment on a U.S. mortgage**  
Assuming 30-year fixed-rate mortgage and 20% down payment



## Style Returns

	V	B	G
L	-1.2	-1.2	-1.6
M	-1.7	-2.1	-2.8
S	-2.7	-2.9	-3.1
	V	B	G
L	-4.8	-10.4	-17.2
M	-6.7	-11.5	-20.3
S	-6.3	-12.1	-18.0

## S&P 500 Sector Returns

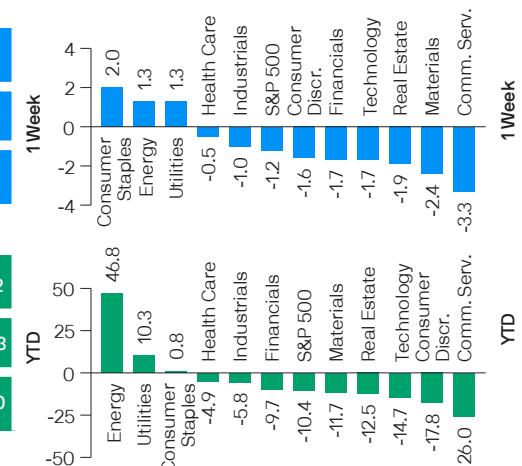




Chart of the Week: Source: FactSet, NAHB, U.S. Census Bureau, J.P. Morgan Asset Management.

Thought of the week: Source: FactSet, NAHB, U.S. Census Bureau, 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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