

Weekly Market Recap

The week in review

- The trade deficit narrowed to \$70.7Bn from \$80.9Bn
- The ISM Services PMI edged up to 56.9 from 56.7
- The Composite (Mfg+Svcs) PMI fell to 44.6 from 45.0

The week ahead

- August CPI and PPI
- Preliminary Sept. Consumer Sentiment
- Retail Sales

Thought of the week

As economic growth slows this year, a key question for investors is whether job openings can fall from their historical highs without a substantial rise in unemployment. This relationship between job vacancies and unemployment is captured in the Beveridge curve—a downward sloping curve shaped like a skateboard ramp. In expansionary periods, job vacancies tend to be high while unemployment is low and the labor market moves up the steep part of the curve. During recessionary periods, unemployment is typically high while vacancies are low, and the labor market slides back down to the flat part of the curve. Meanwhile, changes in the efficiency of the job matching process will shift the entire curve outward or inward—which seems to characterize the post-pandemic recovery. Large shifts in demand patterns, child care challenges, pandemic aid and job reallocation toward industries that support remote work and away from in-person services have all likely contributed to a decrease in job matching efficiency.

As the Fed seeks to cool an overheating labor market to ease wage pressures, our position on the steep part of the Beveridge curve implies that vacancies can fall a good deal without a significant rise in unemployment, increasing the odds of a soft landing. However, the outward shift of the curve also underscores new challenges in job matching in the post-pandemic economy. If this is the case, vacancies may be unlikely to drop much further without a substantial increase in unemployment. In the meantime, tight labor market conditions due to scarce labor in certain industries and regions could keep wage growth elevated and cut into profits in those sectors.

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	4067	3.68	7.80	-13.72	-8.10	43.47
Dow Jones 30	32152	2.72	5.00	-10.16	-5.92	27.62
Russell 2000	4679	4.07	10.50	-15.39	-15.23	28.24
Russell 1000 Growth	1596	4.07	9.87	-20.97	-16.60	53.43
Russell 1000 Value	936.20	3.69	6.67	-7.05	-2.29	29.37
MSCI EAFE	1839	0.89	0.08	-19.19	-20.03	6.49
MSCI EM	970.29	-0.13	-2.05	-19.17	-22.86	4.21
NASDAQ	12112	4.15	10.00	-22.15	-19.98	53.42

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	4.11	-0.70	-1.35	-11.56	-12.44	-6.27
U.S. Corporates	4.95	-0.42	-0.66	-14.95	-15.87	-6.39
Municipals (10yr)	3.12	-0.28	0.37	-7.91	-8.14	-1.68
High Yield	8.24	1.31	4.64	-10.21	-9.81	3.88

Key Rates	Levels (%)					
	9/9/22	9/2/22	6/30/22	12/31/21	9/9/21	9/9/19
2-yr U.S. Treasuries	3.56	3.40	2.92	0.73	0.23	1.58
10-yr U.S. Treasuries	3.33	3.20	2.98	1.52	1.30	1.63
30-yr U.S. Treasuries	3.47	3.35	3.14	1.90	1.90	2.11
10-yr German Bund	1.68	1.50	1.38	-0.18	-0.36	-0.57
3-mo. LIBOR	3.25	3.16	2.29	0.21	0.11	2.14
3-mo. EURIBOR	0.93	0.76	-0.20	-0.57	-0.54	-0.43
6-mo. CD rate	0.93	0.91	N/A	0.14	0.15	0.84
30-yr fixed mortgage	5.94	5.94	5.84	3.33	3.03	3.82
Prime Rate	5.50	5.50	4.75	3.25	3.25	5.25

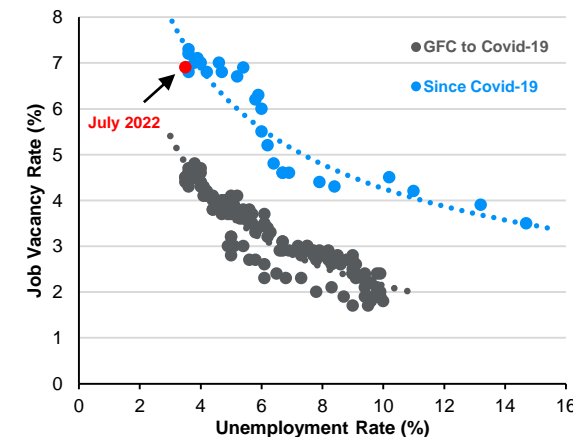
Index Characteristics			
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)
17.09	4.03	1.54	34277
16.06	4.30	1.96	6897
18.70	2.07	1.22	2445
23.29	10.24	0.88	19322
13.59	2.39	2.10	18754
11.94	1.61	3.32	13533
11.07	1.63	3.33	6354
24.65	5.32	0.81	19845

Currencies	Levels		
	9/9/22	12/31/21	9/9/21
\$ per €	1.00	1.14	1.18
\$ per £	1.16	1.35	1.38
¥ per \$	142.45	115.16	109.82

Commod.	Levels		
	9/9/22	12/31/21	9/9/21
Oil (WTI)	86.79	75.33	68.26
Gasoline	3.75	3.28	3.18
Natural Gas	8.00	3.82	4.97
Gold	1713	1806	1788
Silver	18.77	23.09	24.15
Copper	7985	9692	9357
Corn	6.55	5.86	4.90
BBG Idx	255.24	211.80	206.21

Chart of the Week

Job vacancies and unemployment



Style Returns

	V	B	G
L	3.7	3.7	4.1
M	4.3	4.8	5.7
S	3.4	4.1	4.7
	V	B	G
L	-7.0	-13.7	-21.0
M	-8.8	-13.5	-22.0
S	-10.6	-15.4	-20.4

S&P 500 Sector Returns

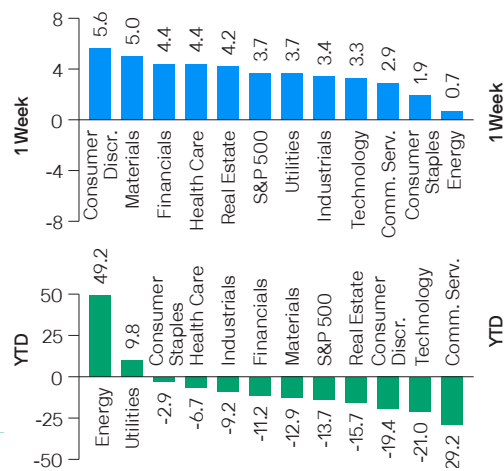




Chart of the Week: Source: BLS, J.P. Morgan Asset Management.

Thought of the week: Source: BLS, 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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