

# Weekly Market Recap

## The week in review

- Headline CPI: 0.1% m/m, 8.3% y/y
- Core CPI: 0.6% m/m, 6.3% y/y
- Retail sales/ex-auto: 0.3%/-0.3% m/m

## The week ahead

- Housing Starts
- FOMC meeting
- Flash PMIs

## Thought of the week

By the end of the summer, investors had adopted a view that inflation would decelerate at a healthy pace into the end of the year. While headline CPI did decelerate to 8.3% y/y in August on the back of a 5% decline in energy prices, the report disappointed on a month-over-month basis as inflation rose 0.1% m/m versus expectations for a sequential decline. While some of the disappointment in the headline figure stemmed from food prices rising 0.8% during the month, the core figures were a bit unsettling, rising 0.6% in August and 6.3% y/y. In the details, inflation in core services outpaced inflation in core goods, and shelter costs continued to move higher. Despite this disappointing report, we see reason to expect that prices will continue to cool in the coming months. As shown in this week's chart, food, energy and other commodities prices had been growing faster than the headline number itself but are finally starting to come down. This is key, as together these items account for 40% of the CPI basket. Looking ahead, we expect commodity disinflation to spill over to other categories. This notion was reinforced by the 0.1% m/m decline in producer prices, which should eventually feed into lower CPI.

Futures markets responded to the inflation release by fully pricing in a 75bp rate hike at the Fed's meeting this week, with some financial participants even positioning for a full 1% rate hike. We expect the Fed will deliver 75bp of tightening this month and continue hiking into the end of 2022. Fundamentally, this inflation report creates more uncertainty around the trajectory of rates, and that wider distribution of outcomes will continue as a source of indigestion for risk assets until there is more clarity on the broader direction of inflation.

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	3873	-4.73	2.70	-17.80	-12.09	35.72
Dow Jones 30	30822	-4.11	0.68	-13.85	-9.50	21.23
Russell 2000	4469	-4.46	5.57	-19.16	-18.44	17.79
Russell 1000 Growth	1510	-5.36	3.98	-25.21	-20.87	45.12
Russell 1000 Value	896.28	-4.21	2.18	-10.96	-5.91	22.06
MSCI EAFE	1789	-2.72	-2.64	-21.39	-21.93	2.54
MSCI EM	944.12	-2.61	-4.61	-21.28	-23.58	-0.21
NASDAQ	11448	-5.46	3.99	-26.40	-24.03	43.82

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	4.31	-0.93	-2.27	-12.38	-13.19	-6.19
U.S. Corporates	5.14	-0.99	-1.65	-15.80	-16.72	-6.08
Municipals (10yr)	3.26	-0.63	-0.26	-8.49	-8.76	-1.14
High Yield	8.77	-2.02	2.52	-12.03	-11.81	1.48

Key Rates	Levels (%)					
	9/16/22	9/9/22	6/30/22	12/31/21	9/16/21	9/16/19
2-yr U.S. Treasuries	3.85	3.56	2.92	0.73	0.23	1.74
10-yr U.S. Treasuries	3.45	3.33	2.98	1.52	1.34	1.84
30-yr U.S. Treasuries	3.52	3.47	3.14	1.90	1.88	2.31
10-yr German Bund	1.74	1.68	1.38	-0.18	-0.30	-0.47
3-mo. LIBOR	3.57	3.25	2.29	0.21	0.12	2.15
3-mo. EURIBOR	1.06	0.93	-0.20	-0.57	-0.55	-0.39
6-mo. CD rate	0.93	0.93	N/A	0.14	0.15	0.95
30-yr fixed mortgage	6.01	6.01	5.84	3.33	3.03	4.01
Prime Rate	5.50	5.50	4.75	3.25	3.25	5.25

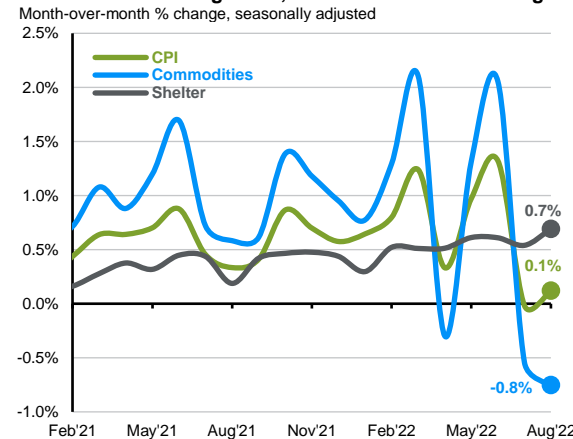
Index Characteristics				
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)	
16.26	3.89	1.62	32642	
15.40	4.17	2.04	6175	
17.77	2.00	1.28	2332	
21.99	9.83	0.94	18281	
13.00	2.31	2.20	17949	
11.64	1.59	3.32	13164	
10.92	1.61	3.33	6182	
23.28	5.09	0.86	18747	

Currencies	Levels		
	9/16/22	12/31/21	9/16/21
\$ per €	1.00	1.14	1.18
\$ per £	1.14	1.35	1.38
¥ per \$	142.94	115.16	109.65

Commod.	Levels		
	9/16/22	12/31/21	9/16/21
Oil (WTI)	85.11	75.33	72.69
Gasoline	3.69	3.28	3.17
Natural Gas	7.76	3.82	5.52
Gold	1665	1806	1748
Silver	19.00	23.09	23.47
Copper	7792	9692	9392
Corn	6.48	5.86	5.00
BBG Idx	251.57	211.80	210.53

## Chart of the Week

### Commodities cooling down, shelter to follow with a lag



## Style Returns

	V	B	G
L	-4.2	-4.7	-5.4
M	-4.9	-5.1	-5.4
S	-3.9	-4.5	-5.0
	V	B	G
L	-11.0	-17.8	-25.2
M	-13.2	-17.8	-26.2
S	-14.1	-19.2	-24.4

## S&P 500 Sector Returns

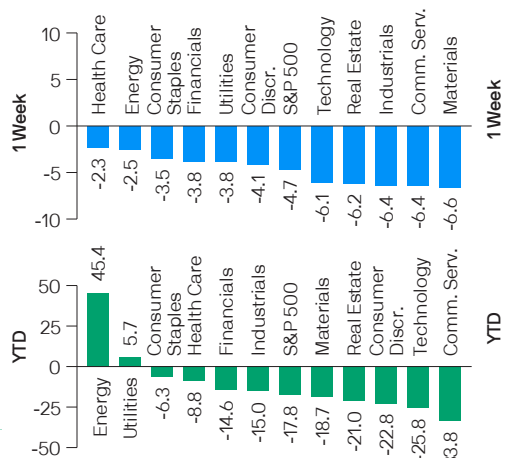




Chart of the Week: Source: BLS, J.P. Morgan Asset Management.

Thought of the week: Source: BLS, 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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**Diversification does not guarantee investment returns and does not eliminate the risk of loss.**

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