

# Weekly Market Recap

## The week in review

- Unemployment nudged up to 3.7%
- 2Y closed Aug. at a 15-year high of 3.5%
- U.S. mfg. PMI came in at 51.5 (-.7pts from July)

## The week ahead

- August Services PMI
- Consumer credit
- OPEC+ meeting

## Thought of the week

From bonds (U.S. Fixed Income -2.8%, Global High Yield -1.5%) to equities (U.S. Large Cap -4.1%, U.S. Small Cap -2.0%) to commodities (Bloomberg Commodity Index +0.1%), major asset classes disappointed across the board in August. Nearly every market is being driven by the path of central bank policy and its impact on the economy. While investors were hopeful for dovish signals at Jackson Hole, they were forced to readjust their summer expectations from a dovish pivot to a Fed strategy of "hike and hold" next year. Accordingly, markets are now pricing in a 70% likelihood of a 75-bps hike in September, followed by a 50-bps hike in November and a 25-bps hike in December, bringing the year-end federal funds rate range to 3.75-4.00%. Expectations for rate cuts in 2023 were pushed back, as markets brace for a higher rates for longer environment. Treasury yields have also factored in this continued hawkishness with the 2Y hitting 3.5% last week, its highest level since 2007.

Summer may be drifting away, but volatility is here to stay this fall. From European energy woes to China COVID-19 zero policy to the Russia/Ukraine war to recession speak, investors have a lot to grapple with. The only real certainty is that global central banks remain laser focused on taming inflation and are willing to sacrifice some softness in the economy and labor market to do so. Against this backdrop, investors should be prepared for near-term volatility by focusing on defensive positioning and valuations that could favor long-duration bonds, value stocks and income-generating alternatives over more aggressive investments.

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	3924	-3.23	3.98	-16.78	-12.19	40.91
Dow Jones 30	31318	-2.85	2.22	-12.54	-9.85	26.36
Russell 2000	4498	-4.70	6.18	-18.70	-20.47	25.68
Russell 1000 Growth	1534	-3.88	5.57	-24.07	-20.17	48.46
Russell 1000 Value	903.18	-2.78	2.87	-10.36	-7.34	28.29
MSCI EAFE	1823	-3.00	-0.81	-19.91	-21.06	7.95
MSCI EM	972.02	-3.41	-1.93	-19.06	-23.41	7.17
NASDAQ	11631	-4.18	5.62	-25.25	-23.58	49.64

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	3.97	-1.02	-0.66	-10.94	-11.80	-6.07
U.S. Corporates	4.87	-1.65	-0.24	-14.59	-15.46	-6.64
Municipals (10yr)	3.05	-0.68	0.66	-7.65	-7.90	-1.71
High Yield	8.50	-1.80	3.29	-11.37	-10.89	2.93

Key Rates	Levels (%)					
	9/2/22	8/26/22	6/30/22	12/31/21	9/2/21	8/30/19
2-yr U.S. Treasuries	3.40	3.37	2.92	0.73	0.20	1.50
10-yr U.S. Treasuries	3.20	3.04	2.98	1.52	1.29	1.50
30-yr U.S. Treasuries	3.35	3.21	3.14	1.90	1.90	1.96
10-yr German Bund	1.50	1.43	1.38	-0.18	-0.39	-0.71
3-mo. LIBOR	3.16	3.07	2.29	0.21	0.12	2.14
3-mo. EURIBOR	0.76	0.54	-0.20	-0.57	-0.55	-0.43
6-mo. CD rate	0.91	0.89	N/A	0.14	0.15	0.85
30-yr fixed mortgage	5.80	5.80	5.84	3.33	3.03	3.87
Prime Rate	5.50	5.50	4.75	3.25	3.25	5.25

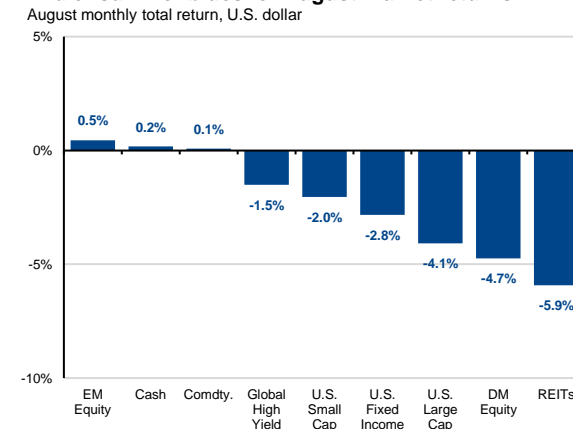
Index Characteristics				
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)	
16.51	3.95	1.59	33073	
15.66	4.23	2.01	9653	
18.03	2.02	1.27	2350	
22.44	10.05	0.92	18570	
13.12	2.34	2.18	18092	
11.82	1.60	3.32	13421	
11.06	1.63	3.33	6364	
23.74	5.20	0.84	19055	

Currencies	Levels		
	9/2/22	12/31/21	9/2/21
\$ per €	1.00	1.14	1.19
\$ per £	1.16	1.35	1.38
¥ per \$	140.04	115.16	109.98

Commod.	Levels		
	9/2/22	12/31/21	9/2/21
Oil (WTI)	86.87	75.33	70.07
Gasoline	3.83	3.28	3.14
Natural Gas	8.79	3.82	4.65
Gold	1713	1806	1813
Silver	17.92	23.09	24.17
Copper	7587	9692	9347
Corn	6.36	5.86	5.21
BBG Idx	256.35	211.80	206.53

## Chart of the Week

### End of summer blues for August market returns



## Style Returns

	V	B	G
L	-2.8	-3.2	-3.9
M	-3.2	-3.5	-3.9
S	-4.6	-4.7	-4.8
	V	B	G
L	-10.4	-16.8	-24.1
M	-12.5	-17.4	-26.2
S	-13.5	-18.7	-23.9

## S&P 500 Sector Returns

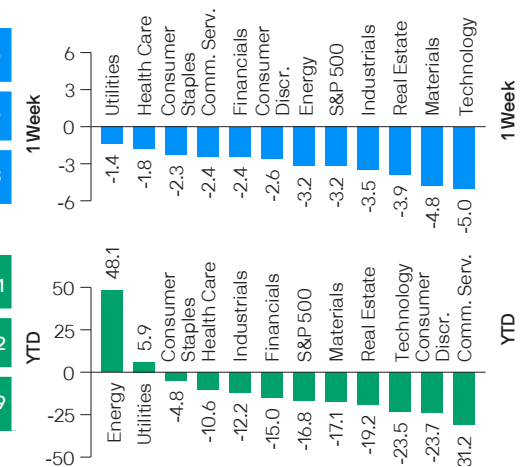




Chart of the Week: Source: Bloomberg, FactSet, MSCI, NAREIT, FTSE Russell, Standard and Poor's, J.P. Morgan Asset Management.

Thought of the week: Source: Bloomberg, FactSet, MSCI, NAREIT, FTSE Russell, Standard and Poor's, 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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