

# Weekly Market Recap

## The week in review

- Headline CPI rose 0.4% and Core CPI jumped 0.6% in Sept.
- Retail sales flat-lined in Sept. but rose 0.1% excluding autos
- Prelim. Oct. consumer sentiment fell to 56.2 from 58.0

## The week ahead

- Housing starts
- Existing home sales
- Industrial production

## Thought of the week

Following a string of upside surprises, the September CPI report dashed hopes for a deceleration in inflation. Strong services inflation offset declines in core goods and energy prices, with Core CPI inflation jumping 0.6% m/m and 6.6% y/y. Wage inflation and resilient demand have contributed to strong services inflation, while the lagged effect of rising rents continues to propel owners' equivalent rent higher. However, the report was not all bad news for investors as disinflationary forces are still contributing to a slowdown in core goods inflation. Softer commodity prices, lower shipping costs and improved supply chains should continue to reduce inflation pressure across a range of goods over the coming months. Importantly, the inventory crunch experienced last year has also reversed. Strong stockpiling in the first half of the year has allowed retail inventories to recover beyond pre-pandemic levels, while retail sales have flat-lined. While this may spell trouble for GDP growth as consumer spending and inventory spending are likely to be very modest going forward, it is good news for inflation as it relieves some of the upward pressure on goods' prices. For the Fed, the September CPI report, combined with hotter-than-expected wholesale price inflation (PPI) and a strong September Jobs report, gives them little reason to deviate from their recent hawkish forward guidance on rate hikes. We continue to expect the Fed to raise interest rates by 0.75% next month, followed by another 0.50% increase in December. Thereafter, while we may not hear the Fed talk about policy easing for some time, a shift to smaller hikes and then a pause may not be too far off if disinflationary forces continue to weigh more heavily on the data.

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	3583	-1.53	0.00	-23.87	-18.01	26.89
Dow Jones 30	29635	1.17	3.22	-17.13	-13.38	17.81
Russell 2000	4181	-1.15	1.10	-24.28	-25.05	15.99
Russell 1000 Growth	1377	-2.80	-1.64	-31.79	-26.25	32.53
Russell 1000 Value	838.95	-0.68	1.51	-16.51	-12.89	16.74
MSCI EAFE	1671	-1.35	0.57	-26.34	-25.00	-3.68
MSCI EM	863.33	-3.81	-1.38	-27.91	-29.59	-7.94
NASDAQ	10321	-3.11	-2.38	-33.62	-29.84	31.33

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	5.03	-1.19	-1.44	-15.84	-15.90	-10.52
U.S. Corporates	5.97	-1.62	-1.48	-19.91	-19.88	-11.49
Municipals (10yr)	3.68	0.09	0.71	-9.95	-9.37	-3.48
High Yield	9.70	-1.11	0.29	-14.49	-13.70	-0.89

Key Rates	Levels (%)					
	10/14/22	10/7/22	9/30/22	12/31/21	10/14/21	10/14/19
2-yr U.S. Treasuries	4.48	4.30	4.22	0.73	0.36	1.63
10-yr U.S. Treasuries	4.00	3.89	3.83	1.52	1.52	1.76
30-yr U.S. Treasuries	3.99	3.86	3.79	1.90	2.02	2.22
10-yr German Bund	2.30	2.20	2.13	-0.18	-0.19	-0.46
3-mo. LIBOR	4.19	3.91	3.75	0.21	0.12	2.00
3-mo. EURIBOR	1.40	1.29	1.17	-0.57	-0.55	-0.42
6-mo. CD rate	1.13	1.08	0.97	0.14	0.14	0.92
30-yr fixed mortgage	6.81	6.81	6.75	3.33	3.18	3.92
Prime Rate	6.25	6.25	6.25	3.25	3.25	5.00

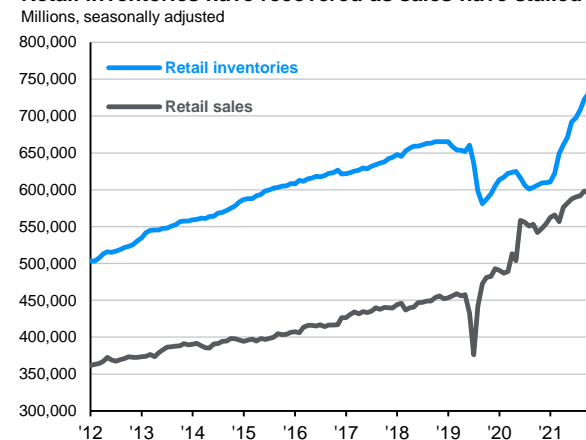
Index Characteristics				
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)	
15.18	3.63	1.77	30125	
14.91	4.01	2.13	8894	
17.02	1.88	1.39	2170	
20.08	9.00	1.04	16645	
12.34	2.18	2.38	16725	
11.16	1.52	3.58	12308	
10.38	1.51	3.63	5658	
21.05	4.64	0.97	16811	

Currencies	Levels		
	10/14/22	12/31/21	10/14/21
\$ per €	0.98	1.14	1.16
\$ per £	1.13	1.35	1.37
¥ per \$	148.37	115.16	113.71

Commod.	Levels		
	10/14/22	12/31/21	10/14/21
Oil (WTI)	85.61	75.33	81.43
Gasoline	3.91	3.28	3.27
Natural Gas	6.45	3.82	5.92
Gold	1649	1806	1799
Silver	18.77	23.09	23.34
Copper	7688	9692	9971
Corn	6.65	5.86	5.12
BBG Idx	245.57	211.80	222.97

## Chart of the Week

### Retail inventories have recovered as sales have stalled



## Style Returns



## S&P 500 Sector Returns

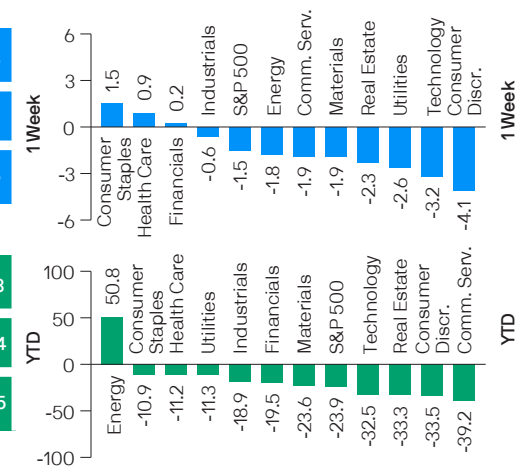




Chart of the Week: Source: Census Bureau, J.P. Morgan Asset Management.

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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