



# Weekly Market Recap

## The week in review

- Core wholesale prices (PPI) rose 0.4%, above cons. 0.2%
- Prelim consumer sentiment recovered to 59.1 from 56.8
- ISM Services PMI jumped to 56.5 from 54.4

## The week ahead

- CPI
- Retail Sales
- December FOMC Meeting

## Thought of the week

This week, investors will gain further clarity on whether the recent inflation downtrend is sticking and the Fed's timing on a policy pivot. The November CPI report will be out on Tuesday and market expectations are for a 0.3% increase in both the headline and core measures, which would bring the year-over-year inflation rates to 7.3% and 6.1%, respectively. We expect core goods inflation will continue its decline given further contraction in the Manheim used vehicle index, softening consumer spending on durable goods, easing supply chain constraints and retail discounting during the holiday season. Lower gas and oil prices will also help drive moderation in the headline measure.

However, Powell has highlighted services inflation excluding rent as a key inflation measure for the Fed. While this measure turned negative in October, breaking a long streak of monthly increases, its pathway to normalization will be primarily determined by labor market dynamics. The November jobs report showed a mixed picture of labor market tightness, with hotter-than-expected wages but weakness in the household survey. However, other high-frequency data suggest the labor market is still cooling, with initial jobless claims and layoff announcements rising in recent weeks. While the labor market is typically the last to turn in an economic cycle, we expect data will soon reflect this softness and signal further moderation in services inflation. On Wednesday, the Federal Reserve will conclude its last meeting of the year and we expect they will still slow their pace of rate hikes to 50bps. While they will likely maintain higher-for-longer policy messaging, economic normalization and receding inflation pressures should allow them to pause their tightening program in the first quarter.

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	3934	-3.35	10.12	-16.17	-14.33	31.74
Dow Jones 30	33476	-2.74	17.15	-5.95	-4.40	27.67
Russell 2000	4465	-5.06	8.23	-18.94	-17.95	14.48
Russell 1000 Growth	1488	-3.62	6.52	-26.14	-25.22	35.15
Russell 1000 Value	931.17	-3.35	13.08	-7.00	-4.26	22.71
MSCI EAFE	1979	-0.19	19.43	-12.53	-10.96	8.79
MSCI EM	978.28	0.48	12.02	-18.11	-18.96	1.09
NASDAQ	11005	-3.98	4.26	-29.10	-28.50	30.70

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	4.49	-0.44	3.25	-11.84	-11.72	-6.63
U.S. Corporates	5.20	-0.26	5.55	-14.20	-14.01	-6.42
Municipals (10yr)	3.03	0.53	4.71	-6.38	-6.25	0.06
High Yield	8.54	-0.19	5.59	-9.98	-9.28	3.07

Key Rates	Levels (%)					
	12/9/22	12/2/22	9/30/22	12/31/21	12/9/21	12/9/19
2-yr U.S. Treasuries	4.33	4.28	4.22	0.73	0.70	1.63
10-yr U.S. Treasuries	3.57	3.51	3.83	1.52	1.49	1.83
30-yr U.S. Treasuries	3.56	3.56	3.79	1.90	1.87	2.27
10-yr German Bund	1.93	1.86	2.13	-0.18	-0.36	-0.31
3-mo. LIBOR	4.73	4.73	3.75	0.21	0.20	1.89
3-mo. EURIBOR	2.01	1.98	1.17	-0.57	-0.59	-0.39
6-mo. CD rate	1.70	1.61	0.97	0.14	0.14	0.78
30-yr fixed mortgage	6.41	6.41	6.75	3.33	3.30	3.98
Prime Rate	7.00	7.00	6.25	3.25	3.25	4.75

Index Characteristics				
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)	
17.00	3.86	1.62	33065	
16.84	4.43	1.88	9667	
19.19	1.90	1.34	2307	
22.09	9.24	0.98	17930	
13.96	2.37	2.16	18548	
12.41	1.63	3.20	14503	
11.88	1.60	3.37	6465	
23.46	4.77	0.91	17911	

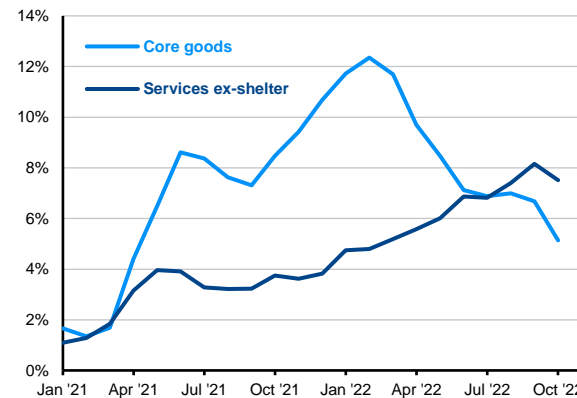
Currencies	Levels		
	12/9/22	12/31/21	12/9/21
\$ per €	1.05	1.14	1.13
\$ per £	1.23	1.35	1.32
¥ per \$	136.60	115.16	113.45

Commod.	Levels		
	12/9/22	12/31/21	12/9/21
Oil (WTI)	71.02	75.33	70.87
Gasoline	3.39	3.28	3.34
Natural Gas	6.25	3.82	3.67
Gold	1796	1806	1776
Silver	23.11	23.09	22.25
Copper	8491	9692	9578
Corn	5.79	5.86	5.87
BBG Idx	242.94	211.80	206.20

## Chart of the Week

**Core goods inflation has been coming down, while services ex-shelter has room to go**

Year-over-year % change, CPI components



## Style Returns

	V	B	G
L	-3.3	-3.3	-3.6
M	-3.7	-3.9	-4.2
S	-4.7	-5.1	-5.4
	V	B	G
L	-7.0	-16.2	-26.1
M	-10.7	-15.8	-24.9
S	-12.7	-18.9	-25.1

## S&P 500 Sector Returns

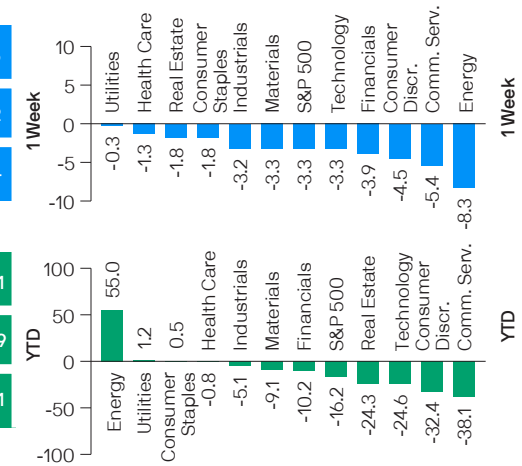




Chart of the Week: Source: BLS, J.P. Morgan Asset Management.  
Thought of the week: Source: BLS, J.P. Morgan Asset Management.

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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**Diversification does not guarantee investment returns and does not eliminate the risk of loss.**

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