

Weekly Market Recap

The week in review

- Dec. retail sales fell 1.1%, below the cons. -0.8%
- Industrial production fell 0.7%, below the cons. -0.1%
- Headline PPI fell 0.5%, Core PPI rose 0.1%
- Housing starts fell 1.4%, above the cons. -4.7%

The week ahead

- 1st estimate of 4Q GDP
- PCE inflation
- Personal income and outlays
- Durable goods orders

Thought of the week

While markets have been fairly resilient at the start of the year, recent economic data have pointed to further weakening in the economy. Overall and core retail sales (excluding autos, gas and food) fell sharply in December, and while poor weather conditions may be partly to blame, the data suggest consumers were much more reserved in their spending during the holiday season. Other indicators, such as manufacturing PMIs, industrial production and regional Fed surveys, also showed declining momentum in December. With back-to-back declines in both nominal and real core retail sales, there is a clear softening in the underlying trend for consumers, as shown in the chart. This is important because consumption represents the lion's share of the U.S. economy, suggesting economic growth may be on tough footing as we start the year after our estimate of slightly over 2% annualized growth in the fourth quarter.

However, a boost to Social Security payments associated with the annual cost of living adjustment in January should meaningfully lift incomes and spending. Moreover, with an inflation downdrift firmly underway, consumers should see a welcome boost in their real personal income in 2023. Real-time data on the labor market also point to continued resilience, with initial jobless claims surprising to the downside this week and continuing jobless claims only modestly grinding higher. With a still-tight labor market and expectations for rising real income in the coming months, it's not clear the economy is headed toward recession just yet.

Please see important disclosures on next page.

Weekly Data Center

Equities	Level	1 week	Index Returns (%)			
			QTD	YTD	1 year	3-yr. Cum.
S&P 500	3973	-0.65	3.55	3.55	-9.90	25.28
Dow Jones 30	33375	-2.66	0.78	0.78	-1.83	21.04
Russell 2000	4641	-1.04	6.06	6.06	-6.41	14.06
Russell 1000 Growth	1494	0.38	4.77	4.77	-17.53	25.08
Russell 1000 Value	951	-1.47	2.94	2.94	-2.57	20.75
MSCI EAFE	2080	0.01	7.06	7.06	-7.28	10.26
MSCI EM	1036	0.64	8.40	8.40	-14.67	-1.89
NASDAQ	11140	0.55	6.47	6.47	-20.62	21.51

Fixed Income	Yield	1 week	Levels (%)			
			QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	4.29	0.15	2.89	2.89	-8.60	-5.74
U.S. Corporates	5.00	0.09	3.52	3.52	-10.30	-5.87
Municipals (10yr)	2.62	0.63	2.63	2.63	-2.76	1.06
High Yield	8.26	-0.31	3.52	3.52	-6.91	2.94

Key Rates	Levels (%)					
	1/20/23	1/13/23	12/30/22	12/30/22	1/20/22	1/17/20
2-yr U.S. Treasuries	4.14	4.22	4.41	4.41	1.08	1.58
10-yr U.S. Treasuries	3.48	3.49	3.88	3.88	1.83	1.84
30-yr U.S. Treasuries	3.66	3.61	3.97	3.97	2.14	2.29
10-yr German Bund	2.15	2.09	2.53	2.53	-0.03	-0.21
3-mo. LIBOR	4.82	4.79	4.77	4.77	0.26	1.82
3-mo. EURIBOR	2.42	2.33	2.13	2.13	-0.55	-0.39
6-mo. CD rate	1.83	1.83	1.80	1.80	0.14	0.76
30-yr fixed mortgage	6.23	6.23	6.58	6.58	3.64	3.87
Prime Rate	7.50	7.50	7.50	7.50	3.25	4.75

Index Characteristics			
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)
17.37	3.85	1.62	33243
16.90	4.41	2.06	9574
20.32	1.95	1.30	2400
22.20	9.02	1.00	17906
14.51	2.39	2.13	18846
12.81	1.67	3.29	15234
12.53	1.64	3.36	6847
23.82	4.73	0.91	18072

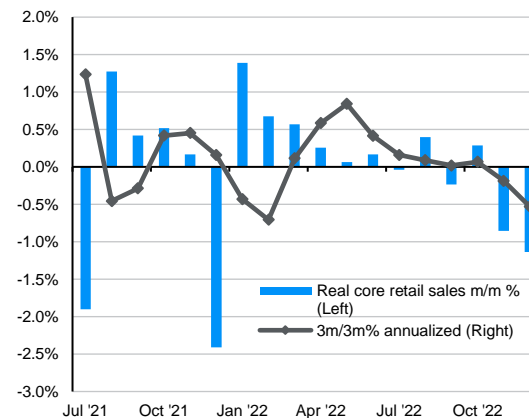
Currencies	Levels		
	1/20/23	12/30/22	1/20/22
\$ per €	1.08	1.07	1.13
\$ per £	1.24	1.20	1.37
¥ per \$	129.93	131.95	114.00

Commod.	Levels		
	1/20/23	12/30/22	1/20/22
Oil (WTI)	80.33	80.16	86.29
Gasoline	3.31	3.09	3.31
Natural Gas	3.28	3.52	4.45
Gold	1925	1814	1845
Silver	23.87	23.95	24.23
Copper	9232	8387	9925
Corn	6.11	6.14	6.01
BBG Idx	245.06	245.89	225.83

Chart of the Week

Real core retail sales show slowing consumer spending

Retail sales excluding food, autos and gas in 2015 dollars



Style Returns

	V	B	G
L	-1.5	-0.6	0.4
M	-1.2	-0.8	0.0
S	-1.1	-1.0	-1.0
	V	B	G
L	2.9	3.5	4.8
M	4.6	4.8	5.2
S	5.7	6.1	6.4

S&P 500 Sector Returns

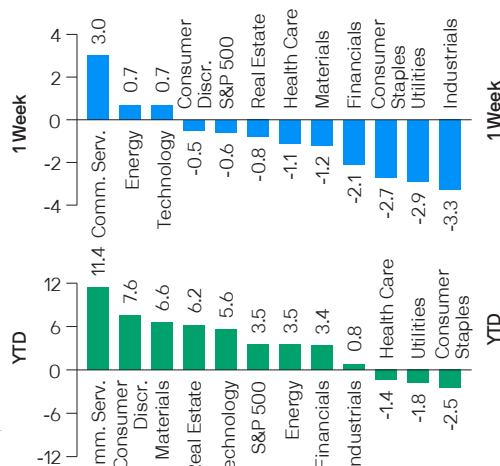




Chart of the Week: Source: BLS, Census Bureau, J.P. Morgan Asset Management.

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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