



# Weekly Market Recap

## The week in review

- Headline/core PCE: 5.4%/4.7% y/y
- New home sales increased to 670K

## The week ahead

- S&P/Case-Shiller HPI
- Mfg. & services PMIs

## Thought of the week

With over 90% of the S&P 500's market cap reported, we are tracking 4Q22 operating earnings per share (EPS) of \$49.37, representing y/y and q/q declines of 13.0% and 1.9%, respectively. Furthermore, S&P 500 operating margins are sitting at 10.8%, down from 13.4% in 4Q21 and 11.3% in 3Q22. At the sector level, energy and utilities have led the pack this earnings season due to higher oil and gas prices. At the same time, industrials are set to record another quarter of y/y growth due to resilient spending on services offsetting softening manufacturing demand. However, consumer discretionary, communication services and information technology – all of which are levered to non-core spending – had another tough quarter, as higher labor costs and souring consumer confidence weighed on profits. While results diverged from sector to sector, forward guidance among most companies is pointing toward a softer economic environment as demand slows and inflation remains persistent.

Although the corporate outlook has deteriorated, the economy has continued to hum along in 2023. Last Friday's January personal income and outlays report indicated personal income increased 0.6% m/m and consumer spending increased 1.8% m/m, with the personal saving rate rising to 4.7%. However, much of the boost in personal income and personal saving was driven by the 8.7% Social Security cost-of-living adjustment and higher compensation, which should wane as wage growth moderates. Additionally, while consumer spending remains strong, the steep increase in credit card debt highlights the degree to which spending is being supported by borrowed money. The consumer's increasing reliance on borrowing should make further increases in consumer spending unsustainable, suggesting, similar to management commentary, that a slowdown may be lurking around the corner.

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	3970	-2.66	3.66	3.66	-5.86	29.19
Dow Jones 30	32817	-2.97	-0.69	-0.69	0.88	24.82
Russell 2000	4698	-2.86	7.49	7.49	-3.90	20.56
Russell 1000 Growth	1519	-2.94	6.61	6.61	-12.05	29.61
Russell 1000 Value	938	-2.43	1.80	1.80	-0.19	23.84
MSCI EAFE	2035	-2.41	4.90	4.90	-0.27	13.57
MSCI EM	972	-2.74	1.73	1.73	-12.99	-0.01
NASDAQ	11395	-3.31	9.02	9.02	-14.68	26.54

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	4.83	-0.89	0.16	0.16	-9.13	-10.31
U.S. Corporates	5.53	-0.99	0.49	0.49	-9.47	-10.96
Municipals (10yr)	3.13	-0.44	0.62	0.62	-2.96	-2.46
High Yield	8.76	-0.17	2.00	2.00	-5.04	1.61

Key Rates	Levels (%)					
	2/24/23	2/17/23	12/30/22	12/30/22	2/24/22	2/24/20
2-yr U.S. Treasuries	4.78	4.60	4.41	4.41	1.54	1.26
10-yr U.S. Treasuries	3.95	3.82	3.88	3.88	1.96	1.38
30-yr U.S. Treasuries	3.93	3.88	3.97	3.97	2.28	1.84
10-yr German Bund	2.54	2.45	2.53	2.53	0.15	-0.48
3-mo. LIBOR	4.96	4.92	4.77	4.77	0.51	1.65
3-mo. EURIBOR	2.70	2.67	2.13	2.13	-0.53	-0.41
6-mo. CD rate	N/A	N/A	1.80	1.80	0.14	N/A
30-yr fixed mortgage	6.62	6.62	6.58	6.58	4.06	3.73
Prime Rate	7.75	7.75	7.50	7.50	3.25	4.75

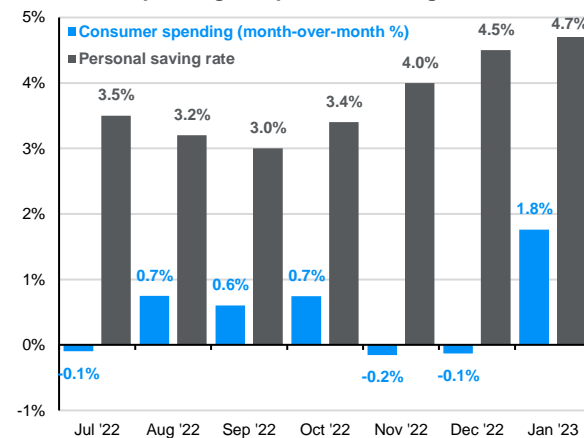
Index Characteristics	Levels			
	NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)
	17.51	3.81	1.64	33222
	16.89	4.28	2.10	9617
	20.92	1.96	1.30	2411
	22.74	9.02	0.99	18201
	14.48	2.34	2.19	18587
	12.87	1.67	3.10	14899
	12.06	1.57	3.17	6423
	24.56	4.77	0.90	18463

Currencies	Levels		
	2/24/23	12/30/22	2/24/22
\$ per €	1.05	1.07	1.11
\$ per £	1.19	1.20	1.33
¥ per \$	136.39	131.95	115.60

Commod.	Levels		
	2/24/23	12/30/22	2/24/22
Oil (WTI)	75.39	80.16	92.77
Gasoline	3.38	3.09	3.53
Natural Gas	2.31	3.52	4.57
Gold	1811	1814	1936
Silver	21.09	23.95	25.32
Copper	8807	8387	9983
Corn	6.10	6.14	6.83
BBG Idx	231.72	245.89	246.27

## Chart of the Week

### Consumer spending and personal saving rate



## Style Returns

	V	B	G
L	-2.4	-2.7	-2.9
M	-2.6	-2.8	-3.1
S	-3.0	-2.9	-2.7
L	1.8	3.7	6.6
M	4.8	5.6	7.3
S	6.9	7.5	8.1

## S&P 500 Sector Returns

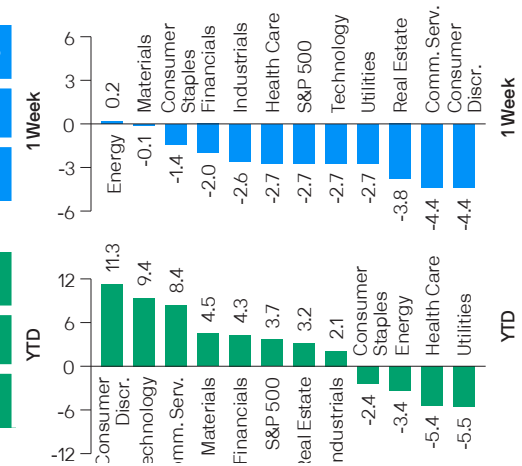




Chart of the Week: Source: BEA, J.P. Morgan Asset Management.  
Thought of the week: Source: BEA, J.P. Morgan Asset Management.

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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