



Weekly Market Recap

The week in review

- Nonfarm payrolls rose by 311K, vs. expectation for +223K
- Hourly earnings rose 0.2% m/m and 4.6% y/y
- Initial jobless claims rose to 211K, a 21K increase
- Job openings decreased to 10.8M from 11.2M

The week ahead

- CPI
- PPI (Wholesale prices)
- Retail sales

Thought of the week

Despite many layoff announcements, the recent unemployment rate and job openings figures, 3.6% and 10.8m respectively, continued to signal tightness in the labor market. Beneath the surface, there is actually less strength than meets the eye with wages failing to keep pace with inflation the past 23 months. With that said, in his Congressional testimony last week Chair Powell mentioned the need for wage growth to continue decelerating in order to gain confidence that core services inflation excluding housing is finally showing signs of softening.

Wage growth is a critical data point given its relationship with core services prices. Statistical analysis shows that wage growth has a more discernable impact on core services inflation than the unemployment rate. On Friday, we saw average hourly earnings for production and non-supervisory employees increase 0.2% month-over-month in February and 4.6% year-over-year. This is the second slowest monthly wage growth we have seen since March 2021. While trending in the right direction, in the long run, wage growth closer to 3.5% would be required to achieve and sustain the Fed's 2% inflation target. A wider mosaic of labor market statistics shows a broad deceleration, but compensation growth remains at elevated levels. As a result, the Fed is signaling that it is likely to take rates higher and keep them there for longer than previously expected. While the bond market is now better pricing in this path for rates, the equity market may see some volatility ahead given the increased odds that the Fed goes too far and ends up pushing the economy into recession.

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	3862	-4.51	0.92	0.92	-7.79	40.65
Dow Jones 30	31910	-4.35	-3.24	-3.24	-1.71	35.76
Russell 2000	4406	-8.03	0.89	0.89	-10.58	36.26
Russell 1000 Growth	1490	-4.23	4.63	4.63	-11.47	38.97
Russell 1000 Value	899	-5.50	-2.33	-2.33	-5.14	38.19
MSCI EAFE	2052	-0.75	6.00	6.00	3.25	32.11
MSCI EM	955	-3.29	0.05	0.05	-10.49	7.51
NASDAQ	11139	-4.68	6.63	6.63	-14.40	36.70

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	4.67	1.17	1.45	1.45	-7.35	-10.58
U.S. Corporates	5.41	0.77	1.69	1.69	-6.99	-9.11
Municipals (10yr)	3.04	0.75	1.23	1.23	-1.28	-2.17
High Yield	8.89	-0.90	1.87	1.87	-4.46	7.30

Key Rates	Levels (%)					
	3/10/23	3/3/23	12/30/22	12/30/22	3/10/22	3/10/20
2-yr U.S. Treasuries	4.60	4.86	4.41	4.41	1.72	0.50
10-yr U.S. Treasuries	3.70	3.97	3.88	3.88	1.98	0.76
30-yr U.S. Treasuries	3.70	3.90	3.97	3.97	2.38	1.28
10-yr German Bund	2.45	2.72	2.53	2.53	0.27	-0.81
3-mo. LIBOR	5.15	4.98	4.77	4.77	0.80	0.78
3-mo. EURIBOR	2.98	2.85	2.13	2.13	-0.51	-0.48
6-mo. CD rate	N/A	1.85	1.80	1.80	0.16	0.66
30-yr fixed mortgage	6.79	6.79	6.58	6.58	4.09	3.47
Prime Rate	7.75	7.75	7.50	7.50	3.25	4.25

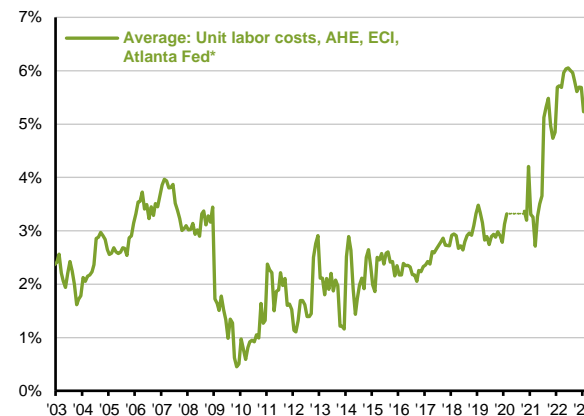
Index Characteristics				
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)	
16.98	3.78	1.71	32316	
16.29	4.23	2.15	9503	
20.02	1.94	1.38	2257	
22.20	8.95	1.03	17848	
13.82	2.31	2.29	17814	
12.81	1.68	3.13	15012	
11.84	1.56	3.32	6329	
24.09	4.76	0.92	18032	

Currencies	Levels		
	3/10/23	12/30/22	3/10/22
\$ per €	1.07	1.07	1.10
\$ per £	1.21	1.20	1.31
¥ per \$	134.34	131.95	115.97

Commod.	Levels		
	3/10/23	12/30/22	3/10/22
Oil (WTI)	75.72	80.16	105.93
Gasoline	3.39	3.09	4.10
Natural Gas	2.54	3.52	4.65
Gold	1861	1814	1997
Silver	20.09	23.95	25.95
Copper	8755	8387	10144
Corn	6.10	6.14	7.41
BBG Idx	229.97	245.89	267.37

Chart of the Week

Wage growth is decelerating, but is still too high for comfort
3mo. MA, annualized % change, SA



Style Returns

	V	B	G
L	-5.5	-4.5	-4.2
M	-7.2	-6.9	-6.3
S	-8.3	-8.0	-7.8
L	-2.3	0.9	4.6
M	-1.2	0.5	3.6
S	-0.7	0.9	2.4

S&P 500 Sector Returns

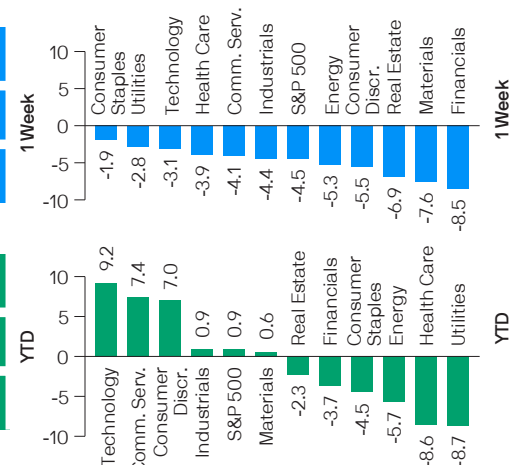




Chart of the Week: Source: Atlanta Fed, BLS, J.P. Morgan Asset Management The Atlanta Fed tracks the median annual wage growth of continuously employed U.S. individuals from the Current Population Survey. Average hourly earnings are for production and non-supervisory workers. *Data omitted from March 2020 through September 2020 to avoid distortions caused by the onset of pandemic. Data are as of March 10, 2023

Thought of the week: Source: Atlanta Fed, 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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