



Weekly Market Recap

The week in review

- June job openings: 9.58M vs 9.65M expected
- July nonfarm payrolls: 187K vs 200K expected

The week ahead

- CPI
- UofM consumer sentiment

Thought of the week

Last week's employment report painted a nuanced picture of the labor market. While job openings and payroll gains came in below expectations, wage growth surprised slightly to the upside. This prompts the question: Will wages revert to their previous easing trend? The answer may hinge on how corporations react to the evolving macroeconomic environment.

As the 2Q23 earnings season draws to a close, a trend emerged – more than 70% of companies have beaten earnings estimates despite softer revenues. In the face of input cost inflation, companies had been raising prices in an effort to pass along these costs and defend margins. However, the landscape is shifting. As inflation eases further, companies will see pricing power wane, and therefore be forced to embrace layoffs and cost-cutting to protect margins. This dynamic should support softer wage growth and ensure continued moderation in the labor market more broadly. IT has already seen significant moderation in wage growth due to layoffs last year. Other service-related industries have also seen wages cool. However, the impact on goods-producing industries and trade, transport, and utilities could well lag due to still-high job opening rates and more unionization.

Considering Chairman Powell's recent comment that the FOMC may not need to wait for inflation to return to 2% to cut rates, a less robust environment for wages should allow the Fed to pause, and eventually cut rates next year. Importantly, although the path to a soft landing is increasingly visible, history reminds us that soft landings are rare. What remains certain is that the timeline to add duration has been extended given the recent back-up in rates; investors should take advantage of this, and embrace higher-quality sectors of the fixed income universe as they prepare for lower inflation and softer growth next year.

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	4478	-2.26	0.73	17.75	9.71	41.98
Dow Jones 30	35066	-1.11	2.01	7.04	9.47	38.85
Russell 2000	4865	-1.19	3.72	12.10	4.28	34.03
Russell 1000 Growth	1837	-2.82	0.30	29.41	11.81	34.95
Russell 1000 Value	974	-1.57	1.58	6.78	6.71	44.78
MSCI EAFE	2143	-2.37	0.65	12.86	14.17	26.57
MSCI EM	1018	-2.36	3.41	8.68	5.74	1.78
NASDAQ	13909	-2.84	0.92	33.53	10.32	30.11

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	4.91	-0.59	-0.79	1.29	-4.09	-13.54
U.S. Corporates	5.55	-0.79	-0.68	2.51	-2.59	-13.63
Municipals (10yr)	3.26	-1.07	-0.62	1.53	0.16	-3.16
High Yield	8.58	-0.36	0.80	6.22	2.92	5.41

Key Rates	Levels (%)						
	8/4/23	7/28/23	6/30/23	12/30/22	8/4/22	8/4/20	
2-yr U.S. Treasuries	4.78	4.87	4.87	4.41	3.03	0.11	
10-yr U.S. Treasuries	4.05	3.96	3.81	3.88	2.68	0.52	
30-yr U.S. Treasuries	4.21	4.03	3.85	3.97	2.97	1.19	
10-yr German Bund	2.57	2.49	2.41	2.53	0.81	-0.56	
3-mo. LIBOR	5.63	5.63	5.55	4.77	2.86	0.25	
3-mo. EURIBOR	3.74	3.73	3.58	2.13	0.27	-0.47	
6-mo. CD rate	2.19	2.18	2.14	1.80	0.84	0.33	
30-yr fixed mortgage	6.93	6.93	6.85	6.58	5.43	3.14	
Prime Rate	8.50	8.50	8.25	7.50	5.50	3.25	

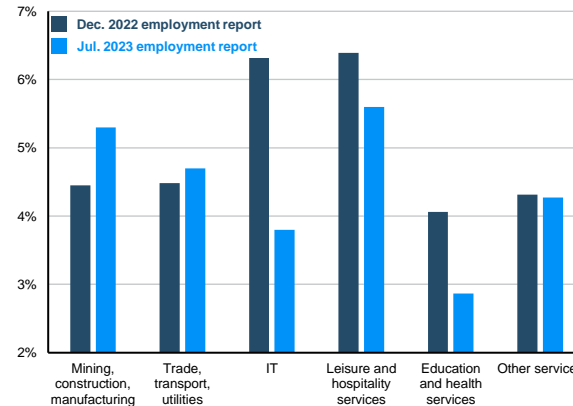
Index Characteristics				
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)	
19.02	3.97	1.52	37399	
17.44	4.31	1.96	10992	
21.54	1.92	1.40	2447	
26.27	9.97	0.72	21688	
14.66	2.32	2.30	19688	
13.00	1.68	3.10	15649	
12.57	1.58	3.09	6881	
27.04	5.20	0.77	22348	

Currencies	Levels		
	8/4/23	12/30/22	8/4/22
\$ per €	1.10	1.07	1.02
\$ per £	1.28	1.20	1.21
¥ per \$	141.82	131.95	133.14

Commod.	Levels		
	8/4/23	12/30/22	8/4/22
Oil (WTI)	81.55	80.16	91.29
Gasoline	3.76	3.09	4.19
Natural Gas	2.57	3.52	8.40
Gold	1942	1814	1783
Silver	23.45	23.95	20.27
Copper	8451	8387	7642
Corn	6.10	6.14	6.32
BBG Idx	237.91	245.89	253.53

Chart of the Week

Wages in most services continue to moderate
Average hourly earnings, y/y % change, seasonally adjusted



Style Returns

	V	B	G
L	-1.6	-2.3	-2.8
M	-1.6	-1.9	-2.8
S	-0.6	-1.2	-1.8
	V	B	G
L	6.8	17.8	29.4
M	7.5	10.6	15.5
S	8.5	12.1	15.3

S&P 500 Sector Returns

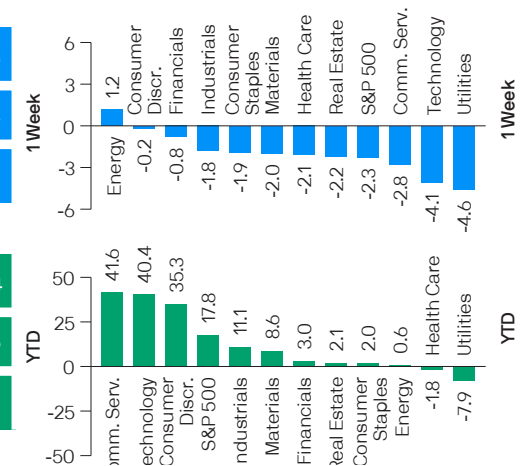




Chart of the Week: Source: BLS, J.P. Morgan Asset Management.
Thought of the week: Source: BLS, J.P. Morgan Asset Management.

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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