



# Weekly Market Recap

## The week in review

- The trade deficit widened to \$65.0B from \$63.7B
- The ISM services PMI rose to 54.5 from 52.7

## The week ahead

- CPI
- Retail sales
- Prelim. consumer sentiment

## Thought of the week

“Resilient” has been the word often associated with the U.S. economy in 2023, and much of this acclaim owes to strength in the U.S. consumer. In the second quarter, household consumption contributed over half of economic growth and is set to add a similar amount in the third quarter, according to the Atlanta Fed’s GDP nowcast. A tight labor market and rising real wages have provided support for consumers, but the ice may be thinner than consumption data alone suggest.

By our measures, pandemic excess savings has dwindled to \$0.2 trillion from its peak of \$2.1 trillion, leading consumers to draw on revolving credit to finance their spending habits. Revolving credit as a share of disposable income may not look too worrying yet (at 6.3% in June compared to 6.5% pre-pandemic), but delinquencies for credit cards and auto loans are starting to rise. Flows into early delinquency status for credit cards rose to their highest level in 10 years in the second quarter and flows into serious delinquency (90+ days) are picking up as well. As such, the lags of monetary tightening may finally be weighing on consumer spending capacity, and with student loan payments restarting at the end of the month, summer’s shopping spree may be followed by a more pennywise back-to-school season. Indeed, consumer confidence in August dropped by nearly 8 points to 106.1, reversing some of its gains in June and July. Investors seem to be heeding the same restraint as well, as skepticism over the potential for a soft landing and renewed upward pressures on energy prices contributed to lower stock prices last week. While the Fed may feel emboldened by a summer of economic resiliency, the clouds of recession have not departed just yet, and the best course of action likely remains one of both caution and patience.

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	4457	-1.26	0.47	17.45	13.18	40.25
Dow Jones 30	34577	-0.70	1.00	5.99	11.22	33.65
Russell 2000	4602	-3.58	-1.72	6.22	1.84	27.90
Russell 1000 Growth	1851	-1.24	1.20	30.56	19.29	35.74
Russell 1000 Value	955	-1.38	-0.17	4.94	5.81	40.87
MSCI EAFE	2074	-1.38	-2.30	9.55	19.06	21.02
MSCI EM	974	-1.17	-0.85	4.21	4.90	-2.39
NASDAQ	13762	-1.92	-0.04	32.27	17.05	29.84

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	5.11	-0.30	-1.47	0.59	-1.11	-13.39
U.S. Corporates	5.75	-0.25	-1.26	1.90	1.13	-12.78
Municipals (10yr)	3.43	-0.20	-1.14	0.99	2.45	-3.00
High Yield	8.62	-0.31	1.36	6.81	6.37	5.58

Key Rates	Levels (%)						
	9/8/23	9/1/23	6/30/23	12/30/22	9/8/22	9/8/20	
2-yr U.S. Treasuries	4.98	4.87	4.87	4.41	3.48	0.14	
10-yr U.S. Treasuries	4.26	4.18	3.81	3.88	3.29	0.69	
30-yr U.S. Treasuries	4.33	4.29	3.85	3.97	3.45	1.43	
10-yr German Bund	2.60	2.52	2.41	2.53	1.67	-0.50	
3-mo. LIBOR	5.67	5.66	5.55	4.77	3.24	0.25	
3-mo. EURIBOR	3.80	3.77	3.58	2.13	0.84	-0.49	
6-mo. CD rate	N/A	2.16	2.14	1.80	0.89	0.32	
30-yr fixed mortgage	7.21	7.21	6.85	6.58	5.94	3.07	
Prime Rate	8.50	8.50	8.25	7.50	5.50	3.25	

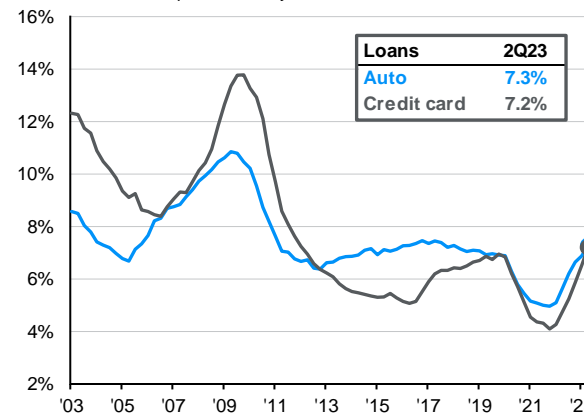
Index Characteristics				
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)	
18.60	3.96	1.53	37241	
16.89	4.27	1.99	10883	
20.00	1.84	1.50	2300	
25.67	10.10	0.72	21870	
14.23	2.27	2.35	19281	
12.86	1.68	3.11	15087	
12.16	1.56	3.05	6667	
25.73	5.22	0.78	22218	

Currencies	Levels		
	9/8/23	12/30/22	9/8/22
\$ per €	1.07	1.07	1.00
\$ per £	1.25	1.20	1.15
¥ per \$	147.67	131.95	143.98

Commod.	Levels		
	9/8/23	12/30/22	9/8/22
Oil (WTI)	86.87	80.16	84.04
Gasoline	3.81	3.09	3.75
Natural Gas	2.58	3.52	8.27
Gold	1928	1814	1709
Silver	23.01	23.95	18.63
Copper	8225	8387	7906
Corn	6.10	6.14	6.39
BBG Idx	239.49	245.89	250.17

## Chart of the Week

**Flows into early delinquencies**  
% of balance delinquent 30+ days



## Style Returns

	V	B	G
L	-1.4	-1.3	-1.2
M	-2.3	-2.2	-2.1
S	-3.8	-3.6	-3.4
L	4.9	17.4	30.6
M	4.1	7.6	13.9
S	2.4	6.2	9.8

## S&P 500 Sector Returns

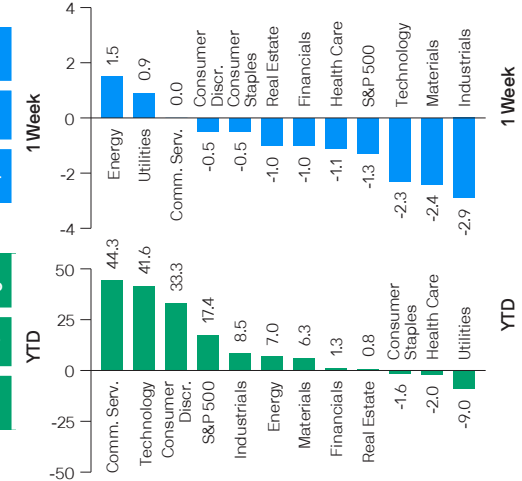




Chart of the Week: Source: FRB of New York, J.P. Morgan Asset Management.

Thought of the week: Source: BEA, FRB of New York, Conference Board, 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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