



Weekly Market Recap

The week in review

- Headline/core-CPI: 3.7%/4.3% y/y
- PPI: 1.6% y/y
- Initial claims edged higher to 220k

The week ahead

- Housing starts and permits
- FOMC meeting

Thought of the week

According to Chairman Powell at Jackson Hole, the Fed "is navigating by the stars under cloudy skies." In the wake of this admission that the outlook is not terribly clear, investors turned their attention to the August CPI report, hoping for a better view of what might lie on the horizon. While the report revealed an acceleration in price growth, it was largely in line with expectations. Headline CPI climbed 0.6% m/m and core CPI rose 0.3%, as some prior disinflationary forces reversed course. Looking ahead, the key question is how long will these factors provide an inflationary impulse?

The details of the report revealed that energy prices were a significant contributor to the August acceleration, accounting for over half of the increase in headline CPI. Specifically, gasoline prices surged by 10.6% m/m, a consequence of production cuts by OPEC+ and increasing refinery margins. However, food prices edged up by a modest 0.2% m/m, and excluding volatile food and energy, the 3-month annualized core CPI stands at 2.4% y/y; this reflects the progress that has been made bringing inflation back to its target level. Looking ahead, an ongoing slowdown in Europe and expansion of refining capacity suggest further surges in gasoline prices are unlikely. Additionally, core services, helped by cooling rents and wages, should lead to further moderation.

This week, we expect that the Fed will leave policy rates unchanged, with the futures market pricing in a less than 5% probability of a hike. Furthermore, the Fed's commitment to a data-driven approach is likely to be reiterated. However, investors should note that central bank policy is becoming increasingly dispersed, and this deviation from the synchronized rate hikes seen in 2022 could lead volatility to rise into the end of the 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	4450	-0.12	0.35	17.30	16.02	37.15
Dow Jones 30	34618	0.14	1.15	6.14	14.24	31.38
Russell 2000	4590	-0.20	-1.92	6.01	2.80	24.80
Russell 1000 Growth	1838	-0.69	0.50	29.66	21.85	30.55
Russell 1000 Value	959	0.47	0.30	5.44	8.50	39.20
MSCI EAFE	2108	1.67	-0.67	11.38	20.66	20.71
MSCI EM	985	1.27	0.41	5.53	5.97	-3.40
NASDAQ	13708	-0.37	-0.41	31.78	19.72	25.37

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	5.17	-0.33	-1.79	0.26	-0.53	-13.73
U.S. Corporates	5.82	-0.35	-1.61	1.55	1.33	-13.33
Municipals (10yr)	3.47	-0.16	-1.30	0.83	2.83	-3.16
High Yield	8.62	0.19	1.55	7.01	7.46	5.67

Key Rates	Levels (%)					
	9/15/23	9/8/23	6/30/23	12/30/22	9/15/22	9/15/20
2-yr U.S. Treasuries	5.02	4.98	4.87	4.41	3.87	0.14
10-yr U.S. Treasuries	4.33	4.26	3.81	3.88	3.45	0.68
30-yr U.S. Treasuries	4.42	4.33	3.85	3.97	3.48	1.43
10-yr German Bund	2.67	2.60	2.41	2.53	1.71	-0.49
3-mo. LIBOR	5.67	5.67	5.55	4.77	3.53	0.25
3-mo. EURIBOR	3.88	3.80	3.58	2.13	1.03	-0.49
6-mo. CD rate	N/A	2.20	2.14	1.80	0.93	0.32
30-yr fixed mortgage	7.27	7.27	6.85	6.58	6.01	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)
18.53	3.96	1.53	37181
16.86	4.27	1.99	10807
19.90	1.74	1.47	2294
25.43	10.09	0.73	21716
14.26	2.28	2.34	19359
13.09	1.70	3.11	15339
12.17	1.57	3.05	6743
25.62	5.15	0.78	22137

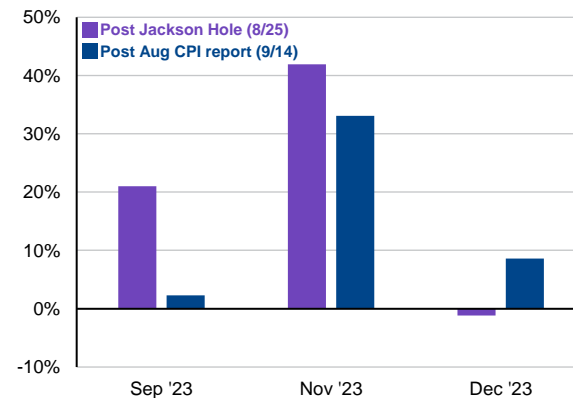
Currencies	Levels		
	9/15/23	12/30/22	9/15/22
\$ per €	1.07	1.07	1.00
\$ per £	1.24	1.20	1.15
¥ per \$	147.86	131.95	143.47

Commod.	Levels		
	9/15/23	12/30/22	9/15/22
Oil (WTI)	90.16	80.16	85.72
Gasoline	3.82	3.09	3.69
Natural Gas	2.71	3.52	8.60
Gold	1928	1814	1689
Silver	23.06	23.95	19.37
Copper	8377	8387	7806
Corn	6.10	6.14	6.48
BBG Idx	242.87	245.89	253.73

Chart of the Week

Fading probability of a rate hike

Implied probability from fed funds futures for a 25bps hike



Style Returns

	V	B	G
L	0.5	-0.1	-0.7
M	-0.1	-0.4	-1.0
S	0.4	-0.2	-0.8
	V	B	G
L	5.4	17.3	29.7
M	4.0	7.3	12.8
S	2.7	6.0	8.9

S&P 500 Sector Returns

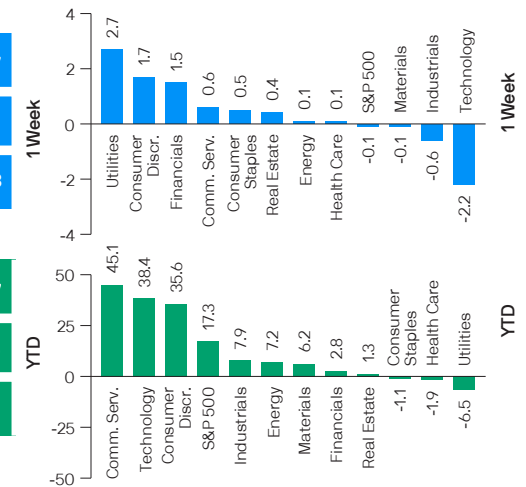




Chart of the Week: Source: Bloomberg, J.P. Morgan Asset Management.

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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