



Weekly Market Recap

The week in review

- Housing starts: -11.3% m/m
- Markit Mfg./Services PMI: 48.9/50.2 (prelim.)

The week ahead

- PCE
- Consumer spending
- 2Q23 GDP (final est.)

Thought of the week

Last week, the FOMC left policy rates unchanged at the current range of 5.25-5.50%. In its post-meeting statement, the FOMC maintained its hawkish bias, noting the “solid pace” of economic growth and that “inflation remains elevated.” Additionally, the FOMC’s dot plot showed that the committee currently expects to hike once more before the end of the year and only cut by 50bps in 2024. Putting all this together, for markets, Wednesday’s FOMC meeting reiterated the “high for longer” narrative for interest rates and highlighted the importance of active management in the equity market. As we show in this week’s chart, higher interest rates typically correspond to an elevated level of equity return dispersion. Currently, S&P 500 return dispersion, on a LTM basis, is sitting at levels not seen since early 2010. At the sector level, energy stocks have had a strong quarter due to the uptick in oil prices and an emphasis on prioritizing shareholder returns over the last ~18 months. In contrast, while the tech oriented sectors are still up year-to-date, performance has moderated on a quarter-to-date basis as the AI-driven rally has faded and higher interest rates weigh on valuations. Similarly, consumer discretionary has seen performance wane in 3Q, despite strong earnings results, as corporate guidance points toward a weakening outlook. Materials and industrials have struggled as well due to weakening manufacturing activity, while health care, utilities and real estate are currently all lagging the index due to elevated labor costs and higher rates. Looking ahead, we expect this divergence in performance within the S&P 500 to persist due to above average inflation, elevated interest rates and an uncertain economic outlook. In such a scenario, investors should have a preference for low beta stocks with positive cash flows outside of capital-intensive industries.

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	4320	-2.91	-2.58	13.88	16.91	36.58
Dow Jones 30	33964	-1.89	-0.77	4.13	15.38	32.23
Russell 2000	4415	-3.81	-5.65	1.98	4.78	23.33
Russell 1000 Growth	1776	-3.35	-2.86	25.32	22.42	28.72
Russell 1000 Value	934	-2.56	-2.27	2.74	10.40	39.44
MSCI EAFE	2065	-2.03	-2.69	9.11	23.07	22.29
MSCI EM	964	-2.08	-1.68	3.33	7.77	-2.90
NASDAQ	13212	-3.61	-4.00	27.02	20.44	23.32

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	5.26	-0.50	-2.29	-0.24	0.37	-14.16
U.S. Corporates	5.88	-0.34	-1.94	1.21	2.71	-13.64
Municipals (10yr)	3.68	-0.99	-2.28	-0.17	3.09	-4.20
High Yield	8.82	-0.65	0.89	6.31	8.20	5.84

Key Rates	Levels (%)						
	9/22/23	9/15/23	6/30/23	12/30/22	9/22/22	9/22/20	
2-yr U.S. Treasuries	5.10	5.02	4.87	4.41	4.11	0.13	
10-yr U.S. Treasuries	4.44	4.33	3.81	3.88	3.70	0.68	
30-yr U.S. Treasuries	4.53	4.42	3.85	3.97	3.65	1.42	
10-yr German Bund	2.74	2.67	2.41	2.53	1.95	-0.51	
3-mo. LIBOR	5.66	5.66	5.55	4.77	3.64	0.22	
3-mo. EURIBOR	3.96	3.88	3.58	2.13	1.12	-0.51	
6-mo. CD rate	N/A	2.18	2.14	1.80	0.93	0.31	
30-yr fixed mortgage	7.31	7.31	6.85	6.58	6.25	3.10	
Prime Rate	8.50	8.50	8.25	7.50	6.25	3.25	

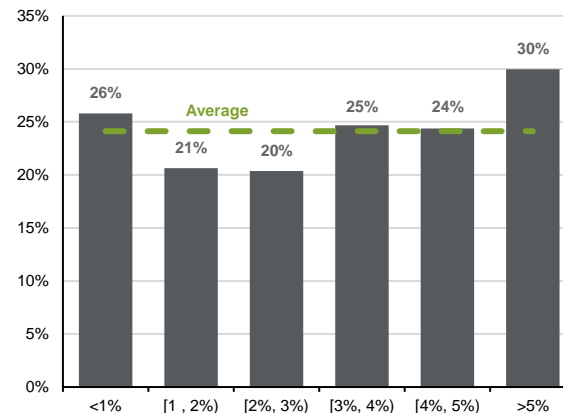
Index Characteristics				
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)	
18.00	3.88	1.58	36195	
16.51	4.22	2.02	10597	
19.26	1.69	1.52	2217	
24.53	9.87	0.76	20976	
13.87	2.23	2.41	18834	
12.84	1.67	3.18	15021	
11.91	1.55	2.68	6601	
24.64	5.03	0.81	21319	

Currencies	Levels		
	9/22/23	12/30/22	9/22/22
\$ per €	1.07	1.07	0.98
\$ per £	1.23	1.20	1.13
¥ per \$	148.09	131.95	142.10

Commod.	Levels		
	9/22/23	12/30/22	9/22/22
Oil (WTI)	89.63	80.16	84.02
Gasoline	3.88	3.09	3.65
Natural Gas	2.61	3.52	7.76
Gold	1927	1814	1672
Silver	23.65	23.95	19.59
Copper	8188	8387	7815
Corn	6.10	6.14	6.63
BBG Idx	240.31	245.89	250.13

Chart of the Week

Average S&P 500 index return dispersion by interest rate regime 1996 - present, 10-year U.S. Treasury



Style Returns

	V	B	G
L	-2.6	-2.9	-3.4
M	-3.0	-3.1	-3.2
S	-3.7	-3.8	-3.9
	V	B	G
L	2.7	13.9	25.3
M	0.9	4.0	9.1
S	-1.0	2.0	4.6

S&P 500 Sector Returns

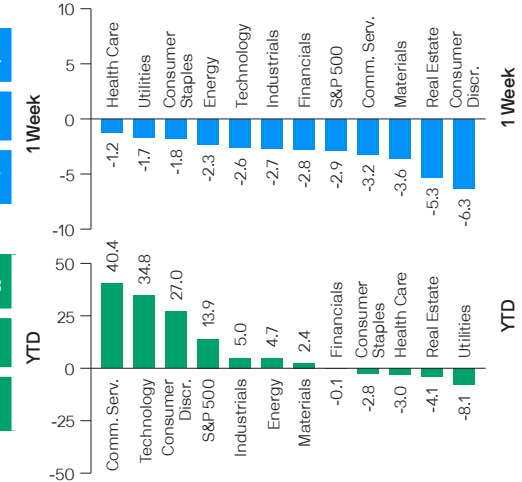




Chart of the Week: Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.

Thought of the week: Source: FactSet, Standard & Poor's, 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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