

Weekly Market Recap

The week in review

- Mfg./Services PMI: 50.0/50.9
- Initial claims edged higher to 210K

The week ahead

- Nonfarm payrolls
- FOMC meeting

Thought of the week

Entering 2023, many analysts had penciled in a mild U.S. recession by mid-year. However, strong incoming economic data kept delaying the start date. Growth remained steady in the first half of the year, despite a hiccup in 1Q23 due to the regional banking crisis, and, more recently, a combination of positive impulses boosted 3Q23 GDP growth to a real annualized rate of 4.9% – the fastest pace in two years.

Zooming in on specifics, a notable summer splurge, particularly by affluent households, propelled private consumption to 4% growth for the quarter. This surge contributed over half of the acceleration in real GDP growth. Inventory accumulation, typically a volatile component, was the second largest contributor, as automakers stockpiled ahead of anticipated strikes. Housing shortages drove residential investment, while national defense spending boosted the government's contribution to GDP, each adding 0.2%-pts. On the flip side, non-residential investment was a major drag on growth – potentially indicating a cautious turn in business sentiment.

While the headline GDP figure seems impressive at first sight, it likely overstates the strength of the economy. A recent backup in long-term yields has weighed on stocks, and poses a risk to the spending surge by wealthier households through negative wealth effects. The positive impulses from inventory build-ups and government spending will also likely be transient; and while the Fed may acknowledge progress on core-PCE inflation when holding rates steady this week, it will likely keep the door open for a December rate hike. As a result, investors should brace for a slowing economy by maintaining well-balanced portfolios of financial assets and may want to consider adding alternatives that can provide durable streams of income, additional diversification, and more robust rates of return.

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	4117	-2.52	-3.90	8.66	9.97	27.27
Dow Jones 30	32418	-2.14	-3.16	-0.51	3.39	25.41
Russell 2000	4068	-2.60	-8.25	-5.91	-7.94	6.99
Russell 1000 Growth	1714	-2.62	-3.17	21.01	18.69	20.06
Russell 1000 Value	874	-2.55	-5.36	-3.66	-0.08	28.36
MSCI EAFE	1945	-0.76	-4.19	3.09	14.09	15.33
MSCI EM	920	-0.61	-3.40	-1.31	10.34	-11.56
NASDAQ	12643	-2.62	-4.34	21.59	18.18	13.18

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	5.58	0.68	-1.28	-2.48	0.00	-15.85
U.S. Corporates	6.28	0.78	-1.50	-1.49	2.63	-15.85
Municipals (10yr)	4.15	0.03	-0.64	-2.20	2.73	-5.81
High Yield	9.53	0.40	-1.46	4.32	6.00	2.59

Key Rates	Levels (%)					
	10/27/23	10/20/23	9/29/23	12/30/22	10/27/22	10/27/20
2-yr U.S. Treasuries	5.02	5.07	5.03	4.41	4.30	0.16
10-yr U.S. Treasuries	4.86	4.93	4.59	3.88	3.96	0.79
30-yr U.S. Treasuries	5.01	5.09	4.73	3.97	4.12	1.57
10-yr German Bund	2.84	2.89	2.82	2.53	2.01	-0.61
3-mo. LIBOR	5.65	5.66	5.66	4.77	4.41	0.21
3-mo. EURIBOR	3.95	3.97	3.95	2.13	1.61	-0.51
6-mo. CD rate	N/A	2.19	2.21	1.80	1.33	0.28
30-yr fixed mortgage	7.90	7.90	7.53	6.58	7.16	3.00
Prime Rate	8.50	8.50	8.50	7.50	6.25	3.25

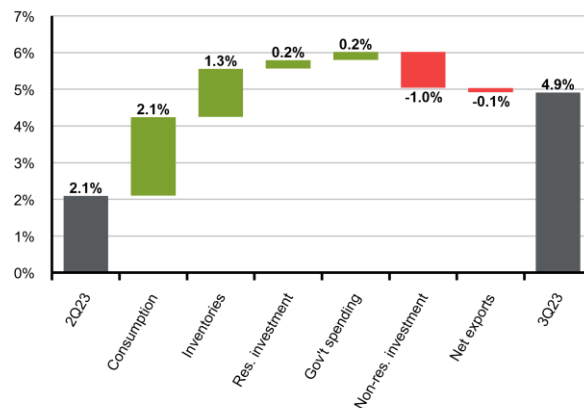
Index Characteristics				
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)	
17.04	3.77	1.66	34495	
15.57	4.08	2.12	10334	
17.42	1.56	1.67	2033	
23.29	9.71	0.79	20218	
12.95	2.12	2.58	17568	
12.10	1.60	3.16	14127	
11.25	1.50	3.08	6298	
23.19	4.90	0.85	20360	

Currencies	Levels		
	10/27/23	12/30/22	10/27/22
\$ per €	1.06	1.07	1.00
\$ per £	1.21	1.20	1.16
¥ per \$	149.61	131.95	146.02

Commod.	Levels		
	10/27/23	12/30/22	10/27/22
Oil (WTI)	83.18	80.16	89.06
Gasoline	3.53	3.09	3.77
Natural Gas	3.22	3.52	5.30
Gold	1983	1814	1660
Silver	22.76	23.95	19.37
Copper	7964	8387	7777
Corn	6.10	6.14	6.62
BBG Idx	240.22	245.89	245.01

Chart of the Week

Consumption and inventory build-up boosted 3Q23 GDP
Changes in real GDP contribution from 2Q23 to 3Q23



Style Returns

	V	B	G
L	-2.5	-2.5	-2.6
M	-2.4	-2.7	-3.4
S	-2.3	-2.6	-2.9
	V	B	G
L	-3.7	8.7	21.0
M	-5.9	-2.7	3.0
S	-8.0	-5.9	-4.3

S&P 500 Sector Returns

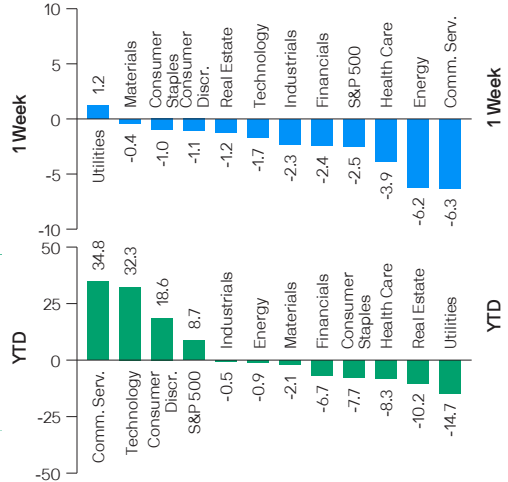




Chart of the Week: Source: BEA, J.P. Morgan Asset Management.
Thought of the week: Source: BEA, Federal Reserve, J.P. Morgan Asset Management.

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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