



Weekly Market Recap

The week in review

- Job openings declined to 8.184M
- Nonfarm payrolls grew 114K
- Wages grew 0.2% m/m (3.6% y/y)

The week ahead

- ISM services PMI
- SLOOS

Thought of the week

Last week's jobs report showed that the labor market is losing momentum at a faster than expected pace. While a 4.3% unemployment rate is still historically low, it has risen 0.6% since January, marking the fastest rise in a six-month period since the pandemic. Much attention is now turning to the Sahm Rule, an economic indicator developed by Claudia Sahm that is designed to provide a real-time signal of the onset of a recession. It has accurately signaled all 12 U.S. recessions since 1947. This week's chart shows the four most recent recessions and how the Sahm Rule coincided with their onset. The July jobs report caused the three-month moving average of the unemployment rate to exceed its lowest level over the prior 12 months by 0.5%, triggering the Sahm Rule.

While the Sahm Rule is now causing concern, it should be noted that many other so-called recession indicators, like yield curve inversion, have been flashing red for a while without a recession occurring. While the economy continues to slow, broader data, including growth and PMIs, are far from recessionary levels.

Against this backdrop, investors may want to evaluate their equity exposure, given strong performance in recent years, and focus on quality companies. Bond yields have already dropped around 65bps since the end of June, highlighting the value of bond duration in hedging equity risk. Investors may also want to correct underweights in core bonds, which can reduce portfolio volatility. Last week, while stocks were down 2%, core bonds were up 2%, reminding investors that bonds typically provide support during periods of growth concerns.

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	5347	-2.05	-2.00	12.99	20.24	27.69
Dow Jones 30	39737	-2.10	1.68	6.56	14.94	21.28
Russell 2000	5242	-6.66	3.07	4.86	8.87	-0.66
Russell 1000 Growth	2291	-2.52	-5.56	13.99	24.67	26.12
Russell 1000 Value	1083	-1.95	2.27	9.05	13.04	19.47
MSCI EAFE	2291	-1.95	-0.93	4.76	10.67	7.47
MSCI EM	1061	-1.00	-1.79	5.75	7.11	-9.95
NASDAQ	16776	-3.34	-5.37	12.20	20.98	17.01

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	4.35	2.43	3.95	3.21	7.69	-6.47
U.S. Corporates	4.95	2.06	3.61	3.11	9.26	-7.08
Municipals (10yr)	3.17	0.98	1.74	0.14	3.86	-1.63
High Yield	7.88	-0.05	1.63	4.26	11.46	6.31

Key Rates	Levels (%)					
	8/2/24	7/26/24	6/28/24	12/29/23	8/2/23	8/2/21
2-yr U.S. Treasuries	3.88	4.36	4.71	4.23	4.88	0.17
10-yr U.S. Treasuries	3.80	4.20	4.36	3.88	4.08	1.20
30-yr U.S. Treasuries	4.11	4.45	4.51	4.03	4.17	1.86
10-yr German Bund	2.16	2.40	2.47	2.00	2.53	-0.48
SOFR	5.35	5.35	5.33	5.38	5.30	0.05
3-mo. EURIBOR	3.62	3.66	3.71	3.91	3.73	-0.54
6-mo. CD rate	2.29	2.30	2.38	2.23	2.19	0.15
30-yr fixed mortgage	6.82	6.82	7.03	6.76	6.93	2.97
Prime Rate	8.50	8.50	8.50	8.50	8.50	3.25

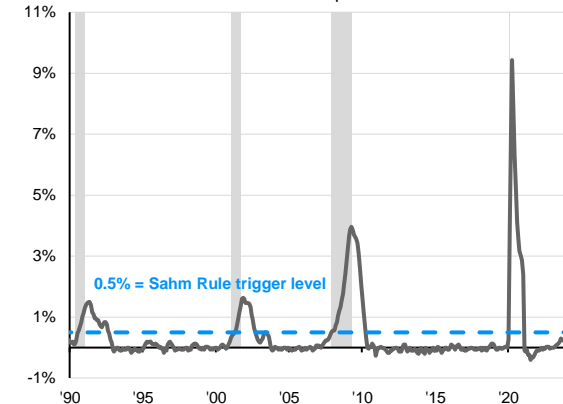
Index Characteristics				
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)	
20.35	4.54	1.31	44903	
18.08	4.82	1.78	14122	
23.50	1.82	1.37	2496	
27.31	11.64	0.57	25299	
15.78	2.52	2.06	23654	
13.35	1.78	2.89	16367	
11.82	1.61	2.32	7377	
26.19	6.06	0.69	27167	

Currencies	Levels		
	8/2/24	12/29/23	8/2/23
\$ per €	1.09	1.10	1.09
\$ per £	1.28	1.27	1.27
¥ per \$	146.66	140.98	143.38

Commod.	Levels		
	8/2/24	12/29/23	8/2/23
Oil (WTI)	76.31	71.89	79.50
Gasoline	3.48	3.12	3.76
Natural Gas	1.97	2.58	2.43
Gold	2470	2078	1944
Silver	28.95	23.79	24.41
Copper	8977	8476	8545
Corn	3.93	4.59	5.36
BBG Idx	224.47	226.43	235.78

Chart of the Week

"The Sahm Rule" suggests increasing recession risk
3mma of UR less min. 3mma of UR in prior 12 months



Style Returns

	V	B	G
L	-2.0	-2.0	-2.5
M	-2.2	-2.6	-3.6
S	-6.4	-6.7	-6.9
	V	B	G
L	9.0	13.0	14.0
M	7.3	6.1	2.0
S	4.3	4.9	5.5

S&P 500 Sector Returns

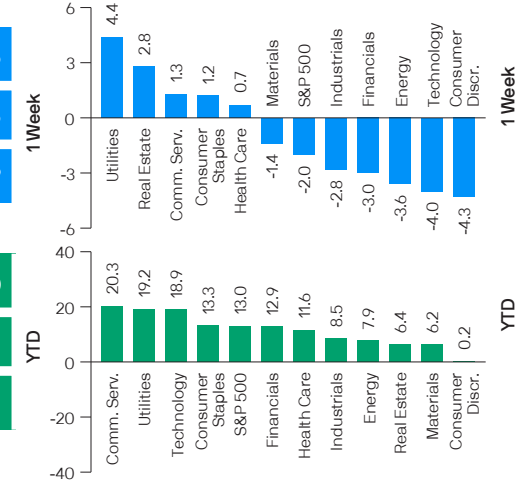




Chart of the Week: "Direct Stimulus Payments to Individuals" by Claudia Sahm (Brookings Papers on Economic Activity), FactSet, NBER, BLS, JPMAM. 3mma = 3-month moving avg., UR = unemployment rate. The Sahm Rule is an economic indicator developed by economist Claudia Sahm.

Thought of the week: "Direct Stimulus Payments to Individuals" by Claudia R. Sahm (Brookings Papers on Economic Activity), 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. 0903c02a81dbac80

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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