

# Weekly Market Recap

## The week in review

- Headline CPI: -0.5% m/m, 6.3% y/y (s.a.)
- Core CPI: 0.4% m/m, 5.5% y/y (s.a.)
- Retail sales: 3.0% m/m, 2.3% m/m ex-autos
- Industrial production was flat m/m

## The week ahead

- PMIs
- Existing home sales
- New home sales

## Thought of the week

U.S. retail sales rebounded sharply in January, exceeding expectations, and signaling that the American consumer continues to spend. After consecutive months of decline into the end of 2022, nominal retail sales jumped by 3% m/m in January. Although seasonal factors and the largest cost-of-living adjustment to Social Security since 1981 may have played a role in this surge, the increase in sales was broad-based, as shown in the chart of the week. Vehicle sales were the largest contributor to growth, and food services – a proxy for services spending – rose by 7.2%, the most since March 2021. With growth better than expected and inflation proving to be sticky, markets have gravitated toward a new narrative of “no landing.”

The retail sales report is important for assessing the state of the consumer, which matters because consumption is nearly 70% of GDP. However, the sustainability of this spending should be assessed in light of a declining household savings rate and climbing credit card balances.

At the beginning of February, the market had priced a terminal federal funds rate below the Federal Open Market Committee (FOMC) projection; however, in the wake of strong jobs, inflation and retail sales reports, markets quickly repriced the terminal rate more in line with the median projection. While it is good to see market and Fed expectations better aligned, stronger economic growth suggests that it may take longer for inflation to come back to levels that are consistent with the FOMC’s mandate.

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	4079	-0.20	6.50	6.50	-5.29	26.72
Dow Jones 30	33827	0.02	2.35	2.35	0.71	22.40
Russell 2000	4837	1.47	10.65	10.65	-2.63	19.74
Russell 1000 Growth	1565	0.20	9.84	9.84	-10.92	26.71
Russell 1000 Value	962	-0.26	4.34	4.34	-0.17	22.40
MSCI EAFE	2087	0.12	7.49	7.49	-4.42	12.18
MSCI EM	999	-1.37	4.60	4.60	-16.87	-1.89
NASDAQ	11787	0.63	12.76	12.76	-13.31	24.07

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	4.66	-0.47	1.07	1.07	-8.56	-8.66
U.S. Corporates	5.35	-0.68	1.49	1.49	-9.19	-9.31
Municipals (10yr)	3.03	-1.30	1.07	1.07	-2.07	-1.21
High Yield	8.66	-0.88	2.18	2.18	-5.24	1.20

Key Rates	Levels (%)					
	2/17/23	2/10/23	12/30/22	12/30/22	2/17/22	2/14/20
2-yr U.S. Treasuries	4.60	4.50	4.41	4.41	1.49	1.42
10-yr U.S. Treasuries	3.82	3.74	3.88	3.88	1.97	1.59
30-yr U.S. Treasuries	3.88	3.83	3.97	3.97	2.31	2.04
10-yr German Bund	2.45	2.36	2.53	2.53	0.23	-0.41
3-mo. LIBOR	4.90	4.87	4.77	4.77	0.48	1.69
3-mo. EURIBOR	2.70	2.62	2.13	2.13	-0.53	-0.41
6-mo. CD rate	N/A	N/A	1.80	1.80	0.14	0.75
30-yr fixed mortgage	6.39	6.39	6.58	6.58	4.05	3.77
Prime Rate	7.75	7.75	7.50	7.50	3.25	4.75

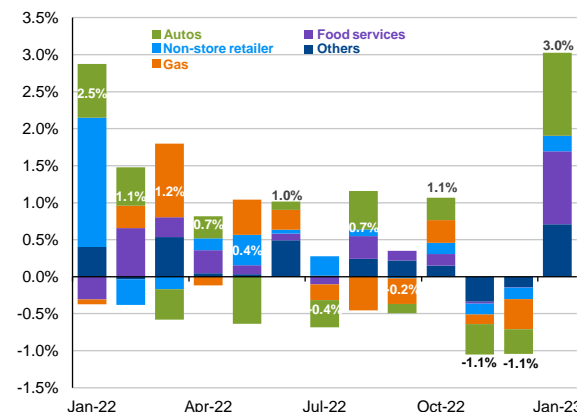
Index Characteristics				
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)	
17.99	3.92	1.60	34134	
17.37	4.43	2.03	9931	
21.52	2.04	1.26	2494	
23.47	9.33	0.96	18754	
14.83	2.40	2.13	19054	
13.11	1.70	3.10	15276	
12.35	1.61	3.17	6605	
25.49	4.94	0.87	19115	

Currencies	Levels		
	2/17/23	12/30/22	2/17/22
\$ per €	1.07	1.07	1.14
\$ per £	1.20	1.20	1.36
¥ per \$	134.34	131.95	114.97

Commod.	Levels		
	2/17/23	12/30/22	2/17/22
Oil (WTI)	78.49	80.16	91.78
Gasoline	3.39	3.09	3.49
Natural Gas	2.39	3.52	4.57
Gold	1834	1814	1893
Silver	21.22	23.95	23.59
Copper	8871	8387	10010
Corn	6.10	6.14	6.40
BBG Idx	233.67	245.89	238.28

## Chart of the Week

Contribution to m/m% change in retail sales, s.a.



## Style Returns

	V	B	G
L	-0.3	-0.2	0.2
M	0.2	0.6	1.3
S	1.3	1.5	1.6

	V	B	G
L	4.3	6.5	9.8
M	7.6	8.7	10.7
S	10.1	10.7	11.2

## S&P 500 Sector Returns

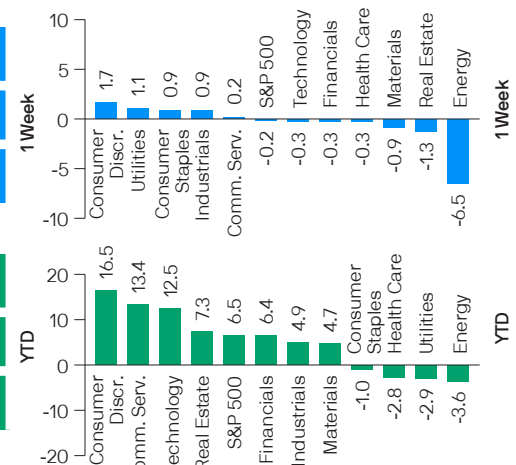




Chart of the Week: Source: Census Bureau, J.P. Morgan Asset Management.

Thought of the week: Source: Census Bureau, BLS, 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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**Diversification does not guarantee investment returns and does not eliminate the risk of loss.**

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