

Weekly Market Recap

The week in review

- NAHB housing market index: 55, up from 50
- Housing permits, SAAR: 1.49M, up from 1.42M
- Initial jobless claims remained flat at 264K

The week ahead

- Consumer confidence index
- GDP

Thought of the week

Last week, investors parsed a slew of forward-looking data as they work to gauge the probability of a near-term recession. The Conference Board Leading Economic Index (LEI), a bellwether of economic health, took center stage, and revealed a continued divergence between the economy and financial markets.

As shown in this week's chart, the fall in the LEI index in May marked its 14th consecutive month of decline. This resulted in a 6-month change of -4.3%; although not perfect, a negative reading on the LEI has been a decent signal of softer economic activity on the horizon. A closer look at the components of the index reveals that consumer expectations for business conditions emerged as the largest negative contributor, followed closely by the yield curve spread. The yield curve is now as inverted as it was during the regional banking crisis, indicating elevated risk to the economy. Credit conditions aren't expected to improve anytime soon either, as banks, particularly smaller ones, still face the risk of losing deposits and an increase in losses on their portfolio of securities as interest rates remain elevated for longer. On the flip side, building permits provided the largest positive contribution last month, spurred by a record low supply of existing homes. However, the sustainability of this uptick can be questioned given challenges around housing affordability.

With the Federal Reserve's revised dot plot indicating two more rate hikes before the end of the year, the risk that a policy error triggers a recession is looming on the horizon. As such, we continue to believe investors should focus on quality assets across both equities and fixed income, while maintaining a short-to-intermediate stance from a duration perspective.

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	4348	-1.37	6.23	14.19	16.55	45.61
Dow Jones 30	33727	-1.67	1.91	2.86	12.34	37.02
Russell 2000	4527	-2.86	1.41	4.18	8.09	31.45
Russell 1000 Growth	1793	-1.06	10.41	26.27	23.27	42.93
Russell 1000 Value	934	-2.02	1.17	2.18	8.64	43.39
MSCI EAFE	2098	-3.34	1.53	10.28	18.07	25.52
MSCI EM	992	-3.58	1.03	5.09	3.05	6.40
NASDAQ	13493	-1.43	10.62	29.47	21.21	36.30

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	4.73	0.14	-0.59	2.36	-0.26	-10.96
U.S. Corporates	5.46	0.14	-0.44	3.05	1.43	-9.96
Municipals (10yr)	3.05	0.24	-0.54	2.20	4.43	-0.58
High Yield	9.09	-0.75	0.91	4.51	6.83	7.12

Key Rates	Levels (%)					
	6/23/23	6/16/23	3/31/23	12/30/22	6/23/22	6/23/20
2-yr U.S. Treasuries	4.71	4.70	4.06	4.41	3.01	0.18
10-yr U.S. Treasuries	3.74	3.77	3.48	3.88	3.09	0.72
30-yr U.S. Treasuries	3.82	3.86	3.67	3.97	3.21	1.49
10-yr German Bund	2.34	2.49	2.33	2.53	1.41	-0.44
3-mo. LIBOR	5.54	5.51	5.19	4.77	2.20	0.30
3-mo. EURIBOR	3.61	3.57	3.04	2.13	-0.19	-0.41
6-mo. CD rate	2.06	2.01	1.88	1.80	0.42	0.36
30-yr fixed mortgage	6.73	6.73	6.40	6.58	5.98	3.30
Prime Rate	8.25	8.25	8.00	7.50	4.75	3.25

Index Characteristics				
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)	
18.68	3.88	1.54	36308	
16.73	4.19	2.04	10934	
20.36	1.90	1.40	2292	
25.45	9.31	0.88	21436	
14.18	2.28	2.25	18470	
12.90	1.68	3.24	15316	
12.33	1.56	3.38	6703	
27.38	5.09	0.79	21659	

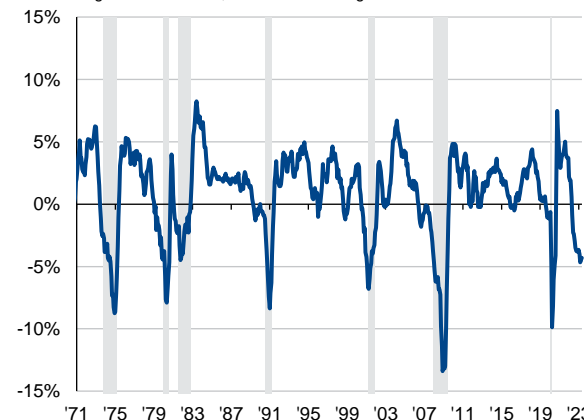
Currencies	Levels		
	6/23/23	12/30/22	6/23/22
\$ per €	1.09	1.07	1.05
\$ per £	1.27	1.20	1.23
¥ per \$	143.75	131.95	134.47

Commod.	Levels		
	6/23/23	12/30/22	6/23/22
Oil (WTI)	69.51	80.16	105.75
Gasoline	3.58	3.09	4.96
Natural Gas	2.61	3.52	6.54
Gold	1931	1814	1842
Silver	22.34	23.95	21.19
Copper	8490	8387	8578
Corn	6.10	6.14	7.37
BBG Idx	228.45	245.89	259.05

Chart of the Week

Leading indicators signal soft growth ahead

CB Leading Economic Index, 6-months % change



Style Returns

	V	B	G
L	-2.0	-1.4	-1.1
M	-2.6	-2.4	-2.2
S	-3.3	-2.9	-2.4
	V	B	G
L	2.2	14.2	26.3
M	1.2	4.9	11.8
S	-1.2	4.2	9.5

S&P 500 Sector Returns

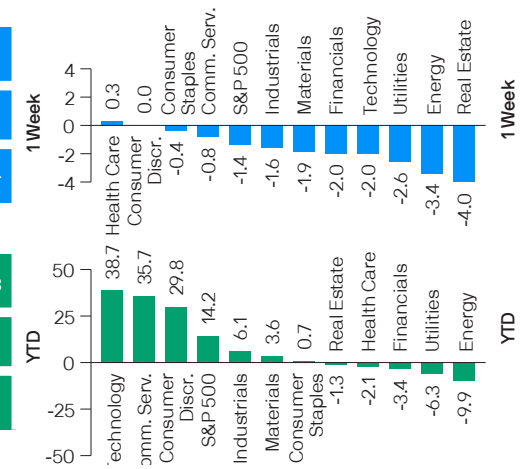




Chart of the Week: Source: Conference Board, J.P. Morgan Asset Management.

Thought of the week: Source: Census, Conference Board, 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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