

Weekly Market Recap

The week in review

- ISM Mfg./Services PMI: 46.0/53.9
- Nonfarm payrolls increased 209,000

The week ahead

- CPI
- Consumer sentiment

Thought of the week

The U.S. economy has proven to be more resilient in 1H23 than many expected, as strength in the labor market has helped support consumption. But how much momentum does that labor market have? This week's chart looks to quantify labor market momentum in one number by analyzing seven key indicators: private payrolls, average hourly earnings, the US Composite PMI Employment Index, the Conference Board Labor Differential Index, initial jobless claims, job openings and the unemployment rate. While the labor market remains a bright spot despite higher interest rates, it seems that this part of the economy is beginning to come off the boil.

Last week's data confirmed that, while still tight by historical standards, the labor market is beginning to cool. After surging last month, JOLTS job openings fell to 9.8M, bringing the ratio of openings to unemployed workers to 1.6, its lowest level since October 2021. In contrast to this weakening signal, the quits-to-layoffs ratio rose to 2.58 on the back of rising quits. While still elevated, this is 23% below last year's peak. Elsewhere, nonfarm payrolls rose by 209K in June, falling short of expectations and slowing compared to May. The details were a bit mixed; a tick down in the unemployment rate to 3.6% and tick up in wage growth to 4.4% highlighted continued strength, but a material downward revision to job growth in April and May, and the slowest pace of private employment gains since 2020, confirmed that momentum is fading.

Looking ahead, the labor market should continue to normalize, and payroll growth should moderate as labor demand cools. While this week's data did little to change expectations for the July FOMC meeting, an increasingly balanced labor market implies slower wage growth, which should allow inflation to keep drifting lower and reduce pressure on the Fed to maintain its hawkish messaging. *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	4399	-1.11	-1.11	15.59	14.67	46.66
Dow Jones 30	33735	-1.91	-1.91	2.94	9.83	38.47
Russell 2000	4634	-1.26	-1.26	6.73	7.02	36.80
Russell 1000 Growth	1811	-1.10	-1.10	27.60	20.03	41.04
Russell 1000 Value	950	-1.06	-1.06	4.01	8.29	47.84
MSCI EAFE	2088	-2.04	-2.04	9.84	17.28	25.34
MSCI EM	981	-0.60	-0.60	4.47	1.95	1.57
NASDAQ	13661	-0.91	-0.91	31.12	18.60	35.16

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	5.00	-1.30	-1.30	0.77	-2.30	-12.89
U.S. Corporates	5.67	-1.43	-1.43	1.74	-0.21	-12.21
Municipals (10yr)	3.15	-0.28	-0.28	1.87	2.51	-1.15
High Yield	8.79	-0.60	-0.60	4.74	7.05	7.61

Key Rates	Levels (%)					
	7/7/23	6/30/23	6/30/23	12/30/22	7/7/22	7/7/20
2-yr U.S. Treasuries	4.94	4.87	4.87	4.41	3.03	0.16
10-yr U.S. Treasuries	4.06	3.81	3.81	3.88	3.01	0.65
30-yr U.S. Treasuries	4.05	3.85	3.85	3.97	3.20	1.38
10-yr German Bund	2.63	2.41	2.41	2.53	1.23	-0.43
3-mo. LIBOR	5.54	5.55	5.55	4.77	2.43	0.27
3-mo. EURIBOR	3.64	3.58	3.58	2.13	-0.14	-0.44
6-mo. CD rate	N/A	2.14	2.14	1.80	0.55	0.35
30-yr fixed mortgage	6.85	6.85	6.85	6.58	5.74	3.26
Prime Rate	8.25	8.25	8.25	7.50	4.75	3.25

Index Characteristics				
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)	
18.90	3.91	1.52	36728	
16.87	4.19	2.04	11000	
20.92	1.87	1.46	2340	
26.63	9.86	0.73	21393	
14.32	2.29	2.32	19200	
12.76	1.67	3.13	15244	
12.26	1.56	3.26	6629	
27.49	5.13	0.78	21977	

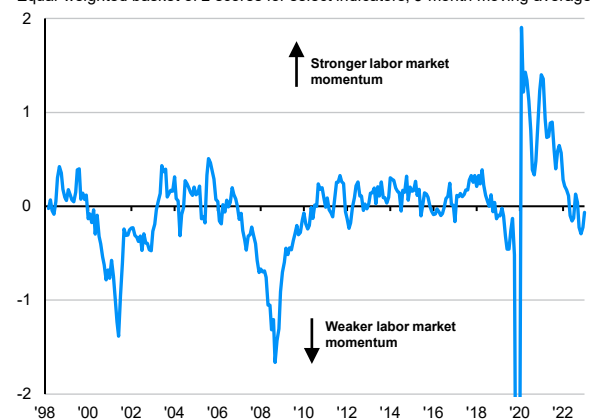
Currencies	Levels		
	7/7/23	12/30/22	7/7/22
\$ per €	1.09	1.07	1.02
\$ per £	1.28	1.20	1.20
¥ per \$	142.20	131.95	135.95

Commod.	Levels		
	7/7/23	12/30/22	7/7/22
Oil (WTI)	71.80	80.16	104.62
Gasoline	3.53	3.09	4.77
Natural Gas	2.61	3.52	5.83
Gold	1922	1814	1748
Silver	22.72	23.95	19.43
Copper	8299	8387	7835
Corn	6.10	6.14	6.69
BBG Idx	227.94	245.89	246.85

Chart of the Week

Labor Market Momentum Index

Equal-weighted basket of z-scores for select indicators, 3-month moving average



Style Returns

	V	B	G
L	-1.1	-1.1	-1.1
M	-0.3	-0.6	-1.4
S	-0.7	-1.3	-1.8
	V	B	G
L	4.0	15.6	27.6
M	4.9	8.3	14.3
S	1.8	6.7	11.5

S&P 500 Sector Returns

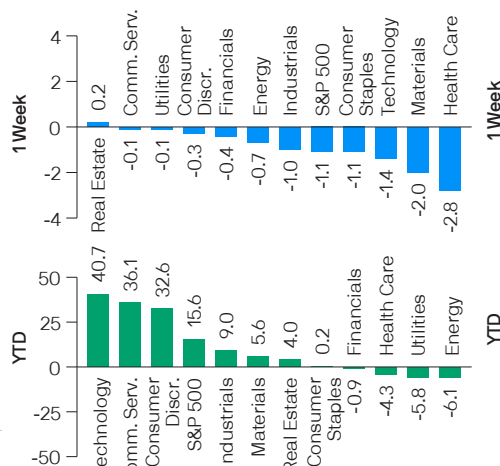




Chart of the Week: Source: BLS, Conference Board, S&P Global, U.S. DoL, J.P. Morgan Asset Management. This index is based on a trailing 25-year period, or all available data, for the m/m change in private payrolls, avg. hourly earnings, job openings, jobless claims, the CB Labor Differential Index, and the unemployment rate, and the level of the U.S. Composite PMI Employment Index. The index excludes outliers 2 std. deviations from their mean.

Thought of the week: Source: See above.

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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