

Weekly Market Recap

The week in review

- The Fed hiked rates to a range of 5.25%-5.50%
- 2Q23 GDP expanded at a 2.4% ann. rate
- PCE inflation rose 0.2% m/m and 3.0% y/y in June

The week ahead

- July Jobs Report
- ISM manufacturing and services PMIs
- JOLTS job openings

Thought of the week

At their July meeting, the Fed hiked rates by 25bps, as widely expected, to a range of 5.25%-5.50% and delivered somewhat dovish messaging. While statement language kept the door open for further rate hikes, commentary from Chairman Powell emphasized continued data dependency in policy decisions. In reviewing such data, last week's releases painted a fairly rosy picture of an economy showing resiliency in economic growth and labor markets, even as inflation declines further. The first estimate of 2Q23 GDP showed the economy grew at a better-than-expected 2.4% annualized rate, reflecting strength in consumption and the best pace of business fixed investment since 1Q22, rising 7.7%. PCE data also confirmed further progress on disinflation. Chairman Powell's focus measure of inflation, core services ex-housing PCE, rose a modest 0.24% in June, a notable downshift from the 0.44% average rate in the previous three months. Elsewhere, unemployment claims remain low and strong durable goods orders point to continued consumer and business demand.

Going forward, the Fed is likely to focus on inflation, with the July and August CPI reports playing a decisive role in their September decision. Powell also made specific mention of the Employment Cost Index (ECI), which may offer a clearer picture of wage gains relative to the BLS report, as it tracks the same jobs over time. The ECI rose 1.0% in the second quarter, marking the slowest quarterly pace in two years. Mounting evidence of a sustained disinflation trend could potentially give the Fed confidence to pause rate hikes in September. Meanwhile, investors are increasingly looking beyond incremental Fed tightening, with markets appearing relatively unfazed by the Fed meeting last week.

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	4582	1.03	3.06	20.47	14.46	49.27
Dow Jones 30	35459	0.66	3.15	8.24	11.38	42.81
Russell 2000	4925	1.09	4.97	13.45	7.44	40.05
Russell 1000 Growth	1890	1.65	3.22	33.17	19.34	45.70
Russell 1000 Value	990	0.27	3.20	8.49	8.94	48.23
MSCI EAFE	2196	0.93	3.10	15.60	18.60	28.34
MSCI EM	1043	2.86	5.91	11.31	8.04	4.99
NASDAQ	14317	2.03	3.86	37.43	18.77	40.87

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	4.87	-0.40	-0.20	1.89	-3.41	-12.69
U.S. Corporates	5.49	-0.23	0.12	3.33	-1.32	-12.48
Municipals (10yr)	3.03	-0.18	0.46	2.62	1.66	-1.67
High Yield	8.45	0.08	1.17	6.61	4.97	6.78

Key Rates	Levels (%)					
	7/28/23	7/21/23	6/30/23	12/30/22	7/28/22	7/28/20
2-yr U.S. Treasuries	4.87	4.82	4.87	4.41	2.85	0.14
10-yr U.S. Treasuries	3.96	3.84	3.81	3.88	2.68	0.59
30-yr U.S. Treasuries	4.03	3.91	3.85	3.97	3.02	1.22
10-yr German Bund	2.49	2.45	2.41	2.53	0.82	-0.52
3-mo. LIBOR	5.63	5.61	5.55	4.77	2.78	0.27
3-mo. EURIBOR	3.73	3.72	3.58	2.13	0.27	-0.45
6-mo. CD rate	2.18	2.17	2.14	1.80	0.72	0.34
30-yr fixed mortgage	6.87	6.87	6.85	6.58	5.74	3.27
Prime Rate	8.50	8.25	8.25	7.50	5.50	3.25

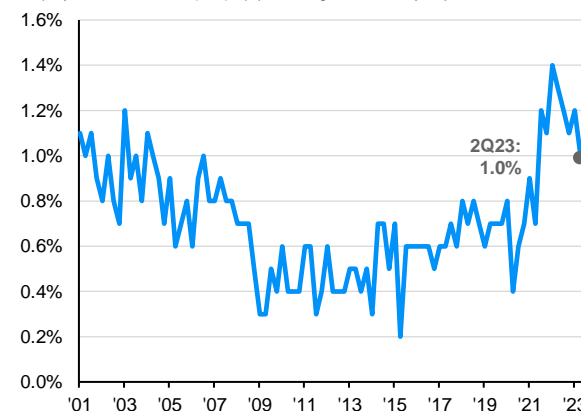
Index Characteristics			
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)
19.57	4.02	1.47	38269
17.79	4.33	1.94	11354
21.90	1.93	1.40	2477
27.31	10.15	0.70	22318
14.95	2.34	2.23	20015
13.30	1.70	3.13	16036
12.81	1.60	3.26	7050
28.13	5.30	0.75	23031

Currencies	Levels		
	7/28/23	12/30/22	7/28/22
\$ per €	1.10	1.07	1.02
\$ per £	1.29	1.20	1.21
¥ per \$	140.31	131.95	134.55

Commod.	Levels		
	7/28/23	12/30/22	7/28/22
Oil (WTI)	80.09	80.16	99.11
Gasoline	3.60	3.09	4.33
Natural Gas	2.49	3.52	8.75
Gold	1954	1814	1754
Silver	24.23	23.95	19.33
Copper	8592	8387	7712
Corn	6.10	6.14	6.75
BBG Idx	240.58	245.89	258.23

Chart of the Week

Wage inflation continued to decline in the second quarter
Employment Cost Index (ECI), q/q % change, seasonally adjusted



Style Returns

	V	B	G
L	0.3	1.0	1.6
M	0.2	0.1	0.0
S	1.6	1.1	0.5
L	8.5	20.5	33.2
M	9.3	12.8	18.9
S	9.2	13.5	17.4

S&P 500 Sector Returns

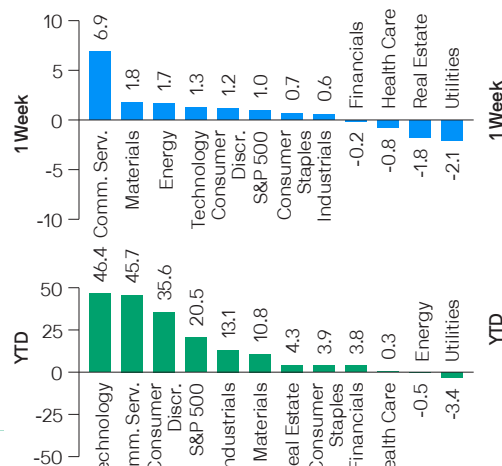




Chart of the Week: Source: BLS, J.P. Morgan Asset Management.
Thought of the week: Source: BLS, J.P. Morgan Asset Management.

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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