



Weekly Market Recap

The week in review

- Retail sales: 0.7% m/m, 1.0% ex-autos
- Industrial production: 1.0% m/m

The week ahead

- New and existing home sales
- Flash PMIs

Thought of the week

Most forecasters entered this year expecting a recession, but recently, economic growth has actually reaccelerated. In fact, the Atlanta Fed GDPNow model estimates that the U.S. economy will grow at a 5.8% saar this quarter. If realized, this would mark the fifth consecutive quarter of at or above-trend growth, highlighting the resiliency of this economy despite tighter monetary policy. The current estimate increased from 4.1% last week, driven by upside surprises on retail sales, housing starts and industrial production this week.

Retail sales handily beat expectations, gaining 0.7% m/m and 1.0% ex-autos. While a 1.9% m/m increase in online sales contributed the most, gains were broad-based. Elsewhere, industrial production jumped by a stronger-than-expected 1.0% m/m due to strong auto production and sweltering temperatures driving up the demand for cooling. Manufacturing output also rose 0.5% m/m. However, excluding the sharp increase in motor vehicles and parts production, gains were a more modest 0.1%. Finally, the housing market showed continued signs of stabilization. Housing starts and permits rose by 3.9% and 0.1%, respectively, as gains in single-family more than offset declines in multi-family across both measures.

Importantly, 5.8% growth is not guaranteed. Since 2Q 2014 and excluding the onset of COVID, the GDPNow model has overestimated the final GDP print by an average of 0.8% at this point in previous quarters, and by 2.2% when the model was above 4%. Still, strong economic momentum suggests the U.S. should avoid a recession in 2023 and has helped push yields higher. However, risks remain for 2024 and unless robust growth can be sustained, yields may be near their peak. With the 10-year at 15-year highs, investors can add to duration and lock in attractive income, leaving them better positioned for when yields inevitably move lower. *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 | 4370 | -2.05 | -1.60 | 15.02 | 3.76 | 35.14 |
| Dow Jones 30 | 34501 | -2.10 | 0.56 | 5.52 | 3.71 | 31.98 |
| Russell 2000 | 4621 | -3.36 | -1.39 | 6.58 | -5.60 | 23.08 |
| Russell 1000 Growth | 1782 | -1.89 | -2.61 | 25.65 | 5.80 | 27.47 |
| Russell 1000 Value | 953 | -2.37 | -0.50 | 4.60 | 0.44 | 38.61 |
| MSCI EAFE | 2058 | -3.30 | -3.21 | 8.52 | 9.32 | 18.21 |
| MSCI EM | 964 | -3.28 | -1.90 | 3.09 | -1.49 | -4.88 |
| NASDAQ | 13291 | -2.55 | -3.50 | 27.69 | 3.42 | 21.36 |

| Fixed Income | Yield | Levels (%) | | | | |
|-------------------|-------|------------|-------|------|--------|------------|
| | | 1 week | QTD | YTD | 1 year | 3-yr. Cum. |
| U.S. Aggregate | 5.12 | -0.50 | -1.92 | 0.13 | -4.13 | -13.82 |
| U.S. Corporates | 5.80 | -0.71 | -2.04 | 1.10 | -2.97 | -13.61 |
| Municipals (10yr) | 3.33 | -0.52 | -0.81 | 1.33 | 1.11 | -3.23 |
| High Yield | 8.78 | -0.82 | 0.30 | 5.69 | 2.35 | 4.99 |

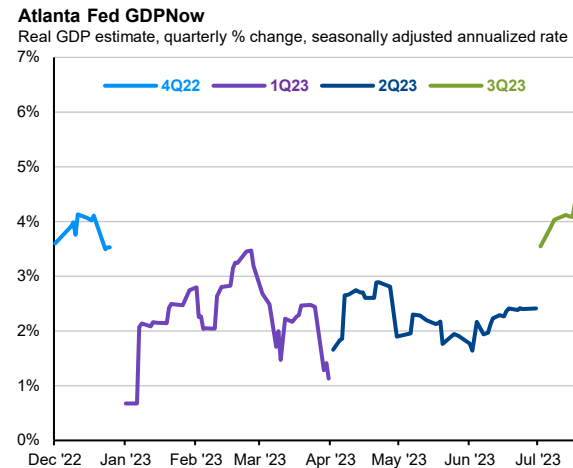
| Key Rates | Levels (%) | | | | | |
|-----------------------|------------|---------|---------|----------|---------|---------|
| | 8/18/23 | 8/11/23 | 6/30/23 | 12/30/22 | 8/18/22 | 8/18/20 |
| 2-yr U.S. Treasuries | 4.92 | 4.89 | 4.87 | 4.41 | 3.22 | 0.14 |
| 10-yr U.S. Treasuries | 4.26 | 4.16 | 3.81 | 3.88 | 2.88 | 0.67 |
| 30-yr U.S. Treasuries | 4.38 | 4.27 | 3.85 | 3.97 | 3.14 | 1.40 |
| 10-yr German Bund | 2.61 | 2.61 | 2.41 | 2.53 | 1.10 | -0.46 |
| 3-mo. LIBOR | 5.64 | 5.63 | 5.55 | 4.77 | 2.98 | 0.25 |
| 3-mo. EURIBOR | 3.82 | 3.78 | 3.58 | 2.13 | 0.39 | -0.48 |
| 6-mo. CD rate | N/A | 2.16 | 2.14 | 1.80 | 0.89 | 0.33 |
| 30-yr fixed mortgage | 7.16 | 7.16 | 6.85 | 6.58 | 5.45 | 3.13 |
| Prime Rate | 8.50 | 8.50 | 8.25 | 7.50 | 5.50 | 3.25 |

| Index Characteristics | | | |
|-----------------------|------|-----------|---------------|
| NTM P/E | P/B | Div. Yld. | Mkt. Cap (bn) |
| 18.45 | 3.90 | 1.56 | 36500 |
| 17.01 | 4.27 | 1.99 | 10738 |
| 20.36 | 1.86 | 1.49 | 2317 |
| 25.28 | 9.81 | 0.75 | 21043 |
| 14.28 | 2.28 | 2.36 | 19262 |
| 12.62 | 1.65 | 3.10 | 15024 |
| 12.02 | 1.55 | 3.09 | 6519 |
| 25.66 | 5.09 | 0.81 | 21461 |

| Currencies | Levels | | |
|------------|---------|----------|---------|
| | 8/18/23 | 12/30/22 | 8/18/22 |
| \$ per € | 1.09 | 1.07 | 1.01 |
| \$ per £ | 1.27 | 1.20 | 1.20 |
| ¥ per \$ | 145.24 | 131.95 | 135.21 |

| Commod. | Levels | | |
|-------------|---------|----------|---------|
| | 8/18/23 | 12/30/22 | 8/18/22 |
| Oil (WTI) | 80.39 | 80.16 | 93.20 |
| Gasoline | 3.85 | 3.09 | 3.94 |
| Natural Gas | 2.62 | 3.52 | 9.42 |
| Gold | 1894 | 1814 | 1766 |
| Silver | 22.79 | 23.95 | 19.83 |
| Copper | 8176 | 8387 | 8020 |
| Corn | 6.10 | 6.14 | 6.30 |
| BBG Idx | 234.61 | 245.89 | 261.16 |

Chart of the Week



Style Returns

| | V | B | G |
|---|------|------|------|
| L | -2.4 | -2.1 | -1.9 |
| M | -3.0 | -2.9 | -2.6 |
| S | -3.6 | -3.4 | -3.1 |
| | V | B | G |
| L | 4.6 | 15.0 | 25.6 |
| M | 3.8 | 6.7 | 11.4 |
| S | 3.5 | 6.6 | 9.2 |

S&P 500 Sector Returns

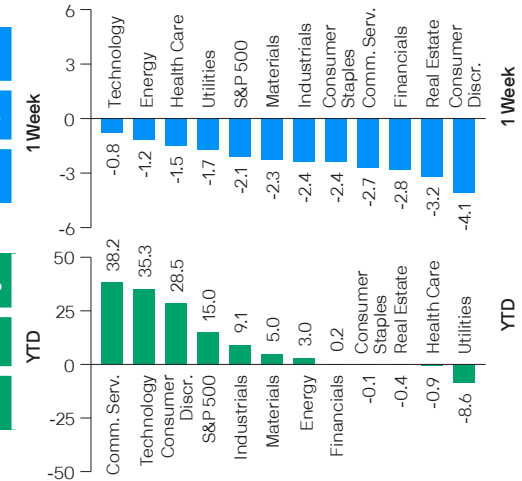




Chart of the Week: Source: Bloomberg, Federal Reserve Bank of Atlanta, J.P. Morgan Asset Management. Data are as of August 18, 2023.

Thought of the week: Source: Bloomberg, Federal Reserve Bank of Atlanta, J.P. Morgan Asset Management. Data are as of August 18, 2023.

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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