



Weekly Market Recap

The week in review

- August flash mfg. PMI fell to 47 from 49
- August flash svcs. PMI fell to 51 from 52.3
- Durable goods orders fell 5.2% m/m
- Consumer sentiment fell to 69.5

The week ahead

- JOLTS
- Consumer confidence
- PCE
- Employment

Thought of the week

Earlier this year, investors largely anticipated that U.S. economic activity, specifically capital spending, would slow due to the lagged impact of tighter monetary policy. Instead, however, the economy has remained resilient and real nonresidential fixed investment grew 4.6% y/y in 2Q, largely driven by spending on structures and intellectual property. Capital spending is being challenged by high vacancies in the office sector, softening manufacturing activity and the Hollywood writers' strike. Nevertheless, the AI boom, recent fiscal policy incentives and solid demand for warehouses and green buildings remain areas of opportunity for intellectual property and structures investment. As shown in this week's chart, capital spending appears to be entering a new era focused more on intellectual property spending, which is currently benefiting from the AI boom and is also less sensitive to interest rates than physical investment spending. Since 2020 this type of investment has been the largest percentage share of GDP for all nonresidential fixed investment components and currently accounts for 5.5% of GDP.

Clearly brains are becoming more favored relative to brawn when it comes to investment spending, so what does this mean for investors today? While last week's August flash mfg. and svcs. PMIs both showed a decline and durable goods orders fell 5.2% in July, the economy still appears to have momentum. Provided businesses continue to boost investments in intellectual property, the economy should become less sensitive to rates, which, in turn, should benefit equity markets.

Please see important disclosures on next page.

Weekly Data Center

Equities	Level	1 week	Index Returns (%)			
			QTD	YTD	1 year	3-yr. Cum.
S&P 500	4406	0.84	-0.77	15.99	6.73	34.10
Dow Jones 30	34347	-0.42	0.14	5.08	5.41	29.14
Russell 2000	4607	-0.29	-1.68	6.27	-4.16	22.59
Russell 1000 Growth	1813	1.73	-0.92	27.82	10.26	26.58
Russell 1000 Value	951	-0.21	-0.70	4.38	1.69	37.59
MSCI EAFE	2053	-0.18	-3.38	8.33	11.86	18.10
MSCI EM	971	0.74	-1.18	3.86	-0.20	-5.03
NASDAQ	13591	2.27	-1.31	30.59	8.49	21.30

Fixed Income	Yield	1 week	Index Returns (%)			
			QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	5.13	0.28	-1.64	0.41	-2.98	-13.54
U.S. Corporates	5.77	0.61	-1.44	1.72	-1.40	-13.05
Municipals (10yr)	3.42	-0.40	-1.21	0.92	1.41	-3.33
High Yield	8.72	0.42	0.71	6.13	4.16	4.87

Key Rates	Levels (%)					
	8/25/23	8/18/23	6/30/23	12/30/22	8/25/22	8/25/20
2-yr U.S. Treasuries	5.03	4.92	4.87	4.41	3.35	0.15
10-yr U.S. Treasuries	4.25	4.26	3.81	3.88	3.03	0.69
30-yr U.S. Treasuries	4.30	4.38	3.85	3.97	3.25	1.39
10-yr German Bund	2.56	2.61	2.41	2.53	1.35	-0.43
3-mo. LIBOR	5.65	5.64	5.55	4.77	3.04	0.25
3-mo. EURIBOR	3.79	3.82	3.58	2.13	0.52	-0.48
6-mo. CD rate	N/A	N/A	2.14	1.80	0.91	0.32
30-yr fixed mortgage	7.31	7.31	6.85	6.58	5.65	3.11
Prime Rate	8.50	8.50	8.25	7.50	5.50	3.25

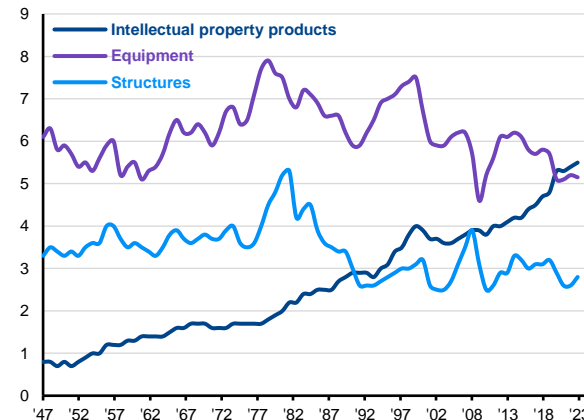
Index Characteristics			
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)
18.47	3.92	1.54	36807
16.87	4.26	2.00	10781
20.17	1.84	1.49	2308
25.33	9.93	0.74	21418
14.23	2.27	2.36	19209
12.67	1.66	3.10	14994
12.01	1.55	3.09	6563
25.84	5.15	0.79	21950

Levels			
Currencies	8/25/23	12/30/22	8/25/22
\$ per €	1.08	1.07	1.00
\$ per £	1.26	1.20	1.18
¥ per \$	146.58	131.95	136.70

Levels			
Commod.	8/25/23	12/30/22	8/25/22
Oil (WTI)	79.05	80.16	93.33
Gasoline	3.87	3.09	3.88
Natural Gas	2.52	3.52	9.47
Gold	1916	1814	1754
Silver	24.19	23.95	19.33
Copper	8382	8387	8155
Corn	6.10	6.14	6.68
BBG Idx	237.62	245.89	267.05

Chart of the Week

Brains over brawn
Share of capital spending as a percent of GDP, annual*



Style Returns

	V	B	G
L	-0.2	0.8	1.7
M	-0.2	0.1	0.8
S	-0.9	-0.3	0.4
	V	B	G
L	4.4	16.0	27.8
M	3.6	6.8	12.3
S	2.6	6.3	9.6

S&P 500 Sector Returns

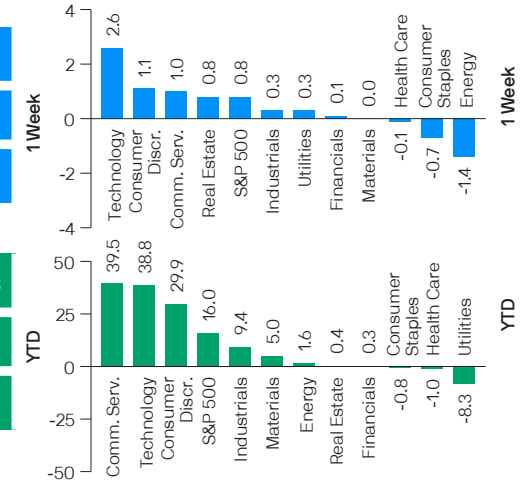




Chart of the Week: Source: BEA, J.P. Morgan Asset Management. *2023 averages 1Q and 2Q figures.

Thought of the week: Source: BEA, J.P. Morgan Asset Management. *2023 averages 1Q and 2Q figures.

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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