

# Weekly Market Recap

## The week in review

- Consumer confidence fell to 106.1 in August
- July job openings dropped 3.7% to 8.83M
- PCE inflation rose 0.2% m/m and 3.3% y/y in July
- Nonfarm payrolls increased 187,000

## The week ahead

- Services ISM

## Thought of the week

Since the onset of the pandemic, “nearshoring” (moving offshore manufacturing closer to the U.S.) and “friendshoring” (moving offshore manufacturing to places that have strong diplomatic relations with the U.S.) have garnered more interest. Russia’s war in Ukraine, tensions between the U.S. and China, new tariffs and changes in relative manufacturing wages are also responsible for building this trend. Evidence of these supply chain rearrangements is beginning to be reflected in trade flow data. Remarkably, China is no longer the U.S.’s largest source of goods imports for the first time since 2008, with both Mexican and Canadian imports surpassing those from China in 1H23.

Although U.S. companies are still highly dependent on Chinese manufacturing, this shift in the U.S.’s trade relationships is serving to highlight other regions’ advantages. Countries in Latin America and emerging Asia, such as Mexico, India, and Vietnam, are benefiting from their lower costs, integration in global supply chains and friendly relations with the U.S. The excitement around “nearshoring” has boosted Mexican equity markets and peso vs. USD this year, up 25.4% and 14.0%, respectively. Notably, Mexico’s automotive industry received record FDI inflows of US\$5.0B in 1H23. In India, the government is making “friendshoring” more attractive by reducing corporate taxes for new manufacturing production to 17% from 25% and making significant investments in infrastructure. Vietnam shares a similar pro-growth attitude and also has very favorable manufacturing wages. While the future of this trend is uncertain, investors can participate by further diversifying emerging market exposure with a focus on the potential beneficiaries.

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	4516	2.55	1.76	18.95	15.79	34.24
Dow Jones 30	34838	1.57	1.71	6.73	12.45	29.25
Russell 2000	4774	3.67	1.93	10.17	7.04	26.45
Russell 1000 Growth	1874	3.43	2.47	32.20	21.93	25.15
Russell 1000 Value	968	1.94	1.22	6.41	8.83	39.35
MSCI EAFE	2104	2.54	-0.93	11.08	21.48	21.21
MSCI EM	986	1.52	0.32	5.44	4.12	-4.07
NASDAQ	14032	3.27	1.92	34.86	20.13	20.29

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	5.03	0.48	-1.17	0.89	-1.07	-13.22
U.S. Corporates	5.68	0.44	-1.01	2.16	1.19	-12.80
Municipals (10yr)	3.38	0.27	-0.94	1.20	2.37	-2.80
High Yield	8.49	0.95	1.67	7.14	7.78	5.45

Key Rates	Levels (%)					
	9/1/23	8/25/23	6/30/23	12/30/22	9/1/22	9/1/20
2-yr U.S. Treasuries	4.87	5.03	4.87	4.41	3.51	0.13
10-yr U.S. Treasuries	4.18	4.25	3.81	3.88	3.26	0.68
30-yr U.S. Treasuries	4.29	4.30	3.85	3.97	3.37	1.43
10-yr German Bund	2.52	2.56	2.41	2.53	1.58	-0.40
3-mo. LIBOR	5.66	5.67	5.55	4.77	3.14	0.25
3-mo. EURIBOR	3.77	3.79	3.58	2.13	0.71	-0.48
6-mo. CD rate	N/A	2.19	2.14	1.80	0.90	0.32
30-yr fixed mortgage	7.31	7.31	6.85	6.58	5.80	3.08
Prime Rate	8.50	8.50	8.25	7.50	5.50	3.25

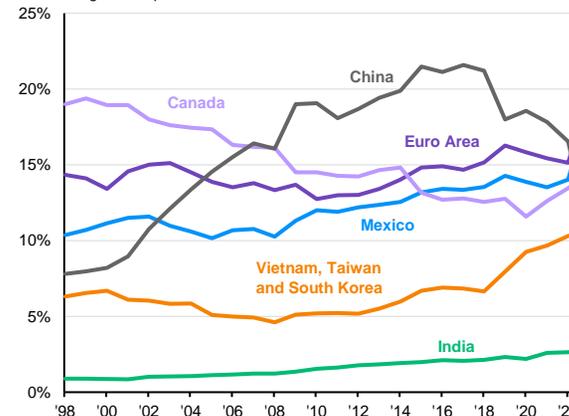
Index Characteristics				
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)	
18.89	3.99	1.51	37726	
17.07	4.29	1.97	11054	
20.85	1.88	1.45	2387	
26.09	10.17	0.71	22147	
14.47	2.30	2.32	19569	
12.97	1.69	3.11	15304	
12.23	1.57	3.05	6748	
26.28	5.28	0.77	22657	

Currencies	Levels		
	9/1/23	12/30/22	9/1/22
\$ per €	1.08	1.07	0.99
\$ per £	1.26	1.20	1.15
¥ per \$	146.03	131.95	140.02

Commod.	Levels		
	9/1/23	12/30/22	9/1/22
Oil (WTI)	83.63	80.16	87.09
Gasoline	3.81	3.09	3.83
Natural Gas	2.77	3.52	9.38
Gold	1941	1814	1694
Silver	24.65	23.95	17.77
Copper	8515	8387	7702
Corn	6.10	6.14	6.68
BBG Idx	240.69	245.89	257.11

## Chart of the Week

**China is no longer the U.S.'s largest source of imports**  
% of U.S. goods imports, annual and YTD 2023



## Style Returns

	V	B	G
L	1.9	2.5	3.4
M	2.8	3.0	3.6
S	3.7	3.7	3.6
L	6.4	18.9	32.2
M	6.5	10.1	16.3
S	6.4	10.2	13.6

## S&P 500 Sector Returns

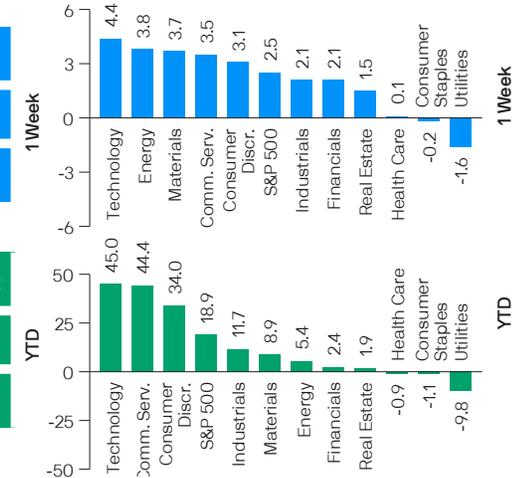




Chart of the Week: Source: FactSet, U.S. Census Bureau, J.P. Morgan Asset Management.

Thought of the week: Source: FactSet, U.S. Census Bureau, 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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**Diversification does not guarantee investment returns and does not eliminate the risk of loss.**

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