

Weekly Market Recap

The week in review

- Aug. job openings rose 7.7% to 9.61M
- Nonfarm payrolls increased 336,000 in Sep.
- Wages grew 0.2% m/m; 4.2% y/y in Sep.

The week ahead

- CPI
- FOMC minutes
- Prelim. consumer sentiment

Thought of the week

Inventory levels are a key driver of economic momentum as businesses decide to cut or add to stock piles to keep them at an optimal level, but what is an optimal level? The monthly ISM reports ask service providers and manufacturers how they feel about current inventory levels. Manufacturers are asked if their customers' inventories are "too low," "too high" or "just right," while service providers are asked the same question about their own inventories. This week's chart combines the two responses and shows that the past few readings, including the one for September, have been close to the long-run average of 52.5.

Unsurprisingly, manufacturers typically report their customers' inventories are "too low" because they want to believe their customers are going to buy more. On the other hand, service providers often see their inventories as "too high" because they want to turn over more inventory. Interestingly, the services report showed that 82.1% of service providers now see inventories as "just right," the highest level in the report's history. While the monthly figures are volatile, especially for manufacturing, the sum of this data suggests inventory levels might be near equilibrium.

Balanced inventory levels can prevent large swings in production, potentially leading to more stable GDP growth. 3Q23 could be the high watermark for GDP growth in the near term with consensus expectations hovering near 3.0% saar. However, given the uncertainty of future growth, investors should continue to navigate cautiously and not take all risk off the table in case the economy remains resilient for longer. Maintaining appropriate exposure to equities and fixed income, which both tend to outperform cash after peak rates, is key.

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	4309	0.52	0.52	13.66	17.01	34.39
Dow Jones 30	33408	-0.24	-0.24	2.48	14.06	27.83
Russell 2000	4338	-2.19	-2.19	0.29	1.19	15.04
Russell 1000 Growth	1807	2.05	2.05	27.54	24.39	29.09
Russell 1000 Value	910	-1.51	-1.51	0.26	7.79	33.32
MSCI EAFE	1994	-1.85	-1.85	5.60	19.87	15.72
MSCI EM	937	-1.61	-1.61	0.52	6.13	-7.31
NASDAQ	13431	1.62	1.62	29.17	22.37	23.22

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	5.54	-1.17	-1.17	-2.36	-0.73	-15.71
U.S. Corporates	6.23	-1.44	-1.44	-1.42	1.36	-15.47
Municipals (10yr)	4.08	-0.52	-0.52	-2.08	1.64	-5.73
High Yield	9.34	-1.21	-1.21	4.58	6.86	3.15

Key Rates	Levels (%)					
	10/6/23	9/29/23	9/29/23	12/30/22	10/6/22	10/6/20
2-yr U.S. Treasuries	5.08	5.03	5.03	4.41	4.23	0.14
10-yr U.S. Treasuries	4.78	4.59	4.59	3.88	3.83	0.76
30-yr U.S. Treasuries	4.95	4.73	4.73	3.97	3.81	1.56
10-yr German Bund	2.91	2.82	2.82	2.53	2.10	-0.51
3-mo. LIBOR	5.67	5.66	5.66	4.77	3.83	0.23
3-mo. EURIBOR	3.98	3.95	3.95	2.13	1.25	-0.51
6-mo. CD rate	2.21	2.21	2.21	1.80	1.07	0.30
30-yr fixed mortgage	7.53	7.53	7.53	6.58	6.75	3.01
Prime Rate	8.50	8.50	8.50	7.50	6.25	3.25

Index Characteristics			
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)
17.91	3.88	1.58	36104
16.14	4.16	2.06	10612
18.72	1.65	1.55	2170
24.85	10.06	0.74	21322
13.50	2.18	2.47	18348
12.42	1.64	3.16	14493
11.63	1.53	3.08	6417
24.93	5.11	0.80	21715

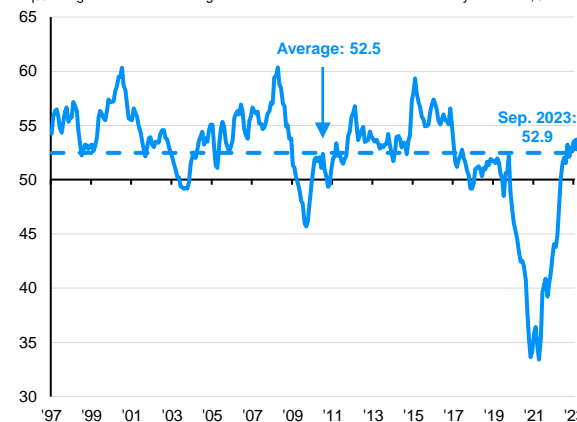
Currencies	Levels		
	10/6/23	12/30/22	10/6/22
\$ per €	1.05	1.07	0.98
\$ per £	1.22	1.20	1.12
¥ per \$	149.37	131.95	144.89

Commod.	Levels		
	10/6/23	12/30/22	10/6/22
Oil (WTI)	82.31	80.16	88.90
Gasoline	3.80	3.09	3.78
Natural Gas	3.17	3.52	6.91
Gold	1820	1814	1714
Silver	21.12	23.95	20.54
Copper	7887	8387	7744
Corn	6.10	6.14	6.51
BBG Idx	232.54	245.89	251.99

Chart of the Week

Inventories seem to be "just right"

Equal-weighted index of ISM mfg. customers' inventories and svcs. inventory sentiment, 3mma



Style Returns

	V	B	G
L	-1.5	0.5	2.1
M	-1.5	-1.1	-0.1
S	-2.6	-2.2	-1.8
	V	B	G
L	0.3	13.7	27.5
M	-1.0	2.7	9.8
S	-3.1	0.3	3.4

S&P 500 Sector Returns

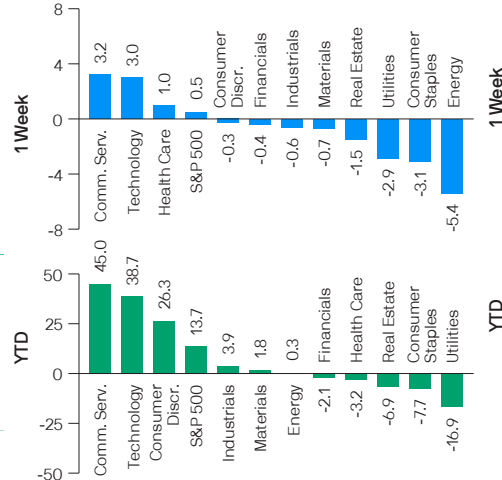




Chart of the Week: Source: FactSet, ISM, J.P. Morgan Asset Management.

Thought of the week: Source: FactSet, ISM, 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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