



# Weekly Market Recap

## The week in review

- Mfg./Services PMI: 51.8/49.2
- FOMC increased rates by 75bps
- Housing starts: +12.2% m/m

## The week ahead

- PCE
- Personal consumption

## Thought of the week

As of Friday's close, large cap equities are down 21.6% YTD. This is more than explained by declining P/E multiples, as earnings expectations themselves have proven relatively robust, despite increasing recession concerns. While wage and input costs have increased rapidly in 2022, analysts' earnings expectations for 2022 and 2023, shown in the chart below, have only seen marginal declines since the beginning of the year. This relatively mild reaction to recession fears highlights the perceived ability of companies to pass on higher costs to consumers.

Looking ahead, concerns regarding a slowing economy and rising costs have increased; however, 2023 earnings expectations have remained robust, still pointing to 8% year-over-year growth next year. With this in mind, many investors have quite reasonably been concerned that these expectations are still too high, given the rocky macro outlook. As supply and demand normalize, energy prices are expected to fall somewhat from elevated levels, leading to lower profits in the energy sector in 2023. Additionally, declining job growth and fiscal drag could further crimp consumer spending. Rising interest rates will also be a headwind for corporate profits, both by directly increasing the interest expense faced by companies and indirectly by elevating the dollar. These effects would be further amplified of course, if tight monetary policy were to tip the U.S. economy into recession. A more realistic view of the macro outlook suggests that analysts will probably cut their expectations of future earnings some more, partially validating some of the weakness we've seen in equity markets so far this year. However, stocks are a long-term investment; and while earnings may face challenges, earnings should recover in 2024 and beyond, supporting a rebound in U.S. equities from today's depressed levels.

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	3693	-4.63	-2.06	-21.61	-15.71	29.68
Dow Jones 30	29590	-4.00	-3.34	-17.30	-13.15	16.93
Russell 2000	4174	-6.58	-1.38	-24.48	-24.70	11.88
Russell 1000 Growth	1441	-4.57	-0.77	-28.63	-23.83	38.50
Russell 1000 Value	849.50	-5.20	-3.14	-15.59	-10.81	16.18
MSCI EAFE	1688	-5.59	-8.09	-25.78	-25.91	-3.30
MSCI EM	905.84	-4.02	-8.44	-24.44	-26.47	-3.16
NASDAQ	10868	-5.06	-1.27	-30.13	-27.26	37.21

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	4.62	-1.56	-3.80	-13.75	-14.24	-8.39
U.S. Corporates	5.43	-1.61	-3.23	-17.15	-17.80	-8.72
Municipals (10yr)	3.59	-1.42	-1.68	-9.79	-9.91	-2.98
High Yield	9.27	-1.75	0.73	-13.57	-13.30	-0.34

Key Rates	Levels (%)					
	9/23/22	9/16/22	6/30/22	12/31/21	9/23/21	9/23/19
2-yr U.S. Treasuries	4.20	3.85	2.92	0.73	0.27	1.68
10-yr U.S. Treasuries	3.69	3.45	2.98	1.52	1.41	1.72
30-yr U.S. Treasuries	3.61	3.52	3.14	1.90	1.92	2.16
10-yr German Bund	2.00	1.74	1.38	-0.18	-0.27	-0.58
3-mo. LIBOR	3.63	3.57	2.29	0.21	0.13	2.11
3-mo. EURIBOR	1.15	1.06	-0.20	-0.57	-0.54	-0.40
6-mo. CD rate	0.92	0.93	N/A	0.14	0.15	0.93
30-yr fixed mortgage	6.25	6.25	5.84	3.33	3.03	4.02
Prime Rate	6.25	5.50	4.75	3.25	3.25	5.00

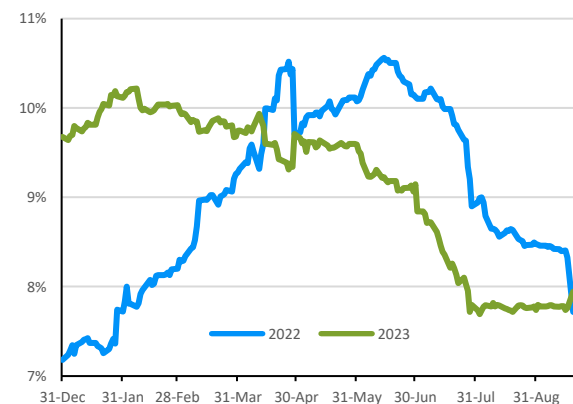
Index Characteristics				
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)	
15.57	3.76	1.70	31023	
14.79	4.04	2.13	9180	
16.97	1.91	1.36	2185	
20.99	9.50	0.98	17432	
12.38	2.22	2.33	16963	
11.17	1.54	3.32	12424	
10.61	1.57	3.33	5931	
22.04	4.89	0.91	17734	

Currencies	Levels		
	9/23/22	12/31/21	9/23/21
\$ per €	0.97	1.14	1.17
\$ per £	1.09	1.35	1.37
¥ per \$	143.29	115.16	110.14

Commod.	Levels		
	9/23/22	12/31/21	9/23/21
Oil (WTI)	78.74	75.33	73.43
Gasoline	3.65	3.28	3.18
Natural Gas	6.83	3.82	4.94
Gold	1644	1806	1750
Silver	19.00	23.09	22.74
Copper	7446	9692	9252
Corn	6.52	5.86	4.99
BBG Idx	242.37	211.80	209.78

## Chart of the Week

### Evolution of y/y S&P 500 EPS Growth Estimates



## Style Returns

	V	B	G
L	-5.2	-4.6	-4.6
M	-5.9	-6.1	-6.5
S	-6.1	-6.6	-7.1
	V	B	G
L	-15.6	-21.6	-28.6
M	-18.3	-22.8	-31.0
S	-19.3	-24.5	-29.7

## S&P 500 Sector Returns

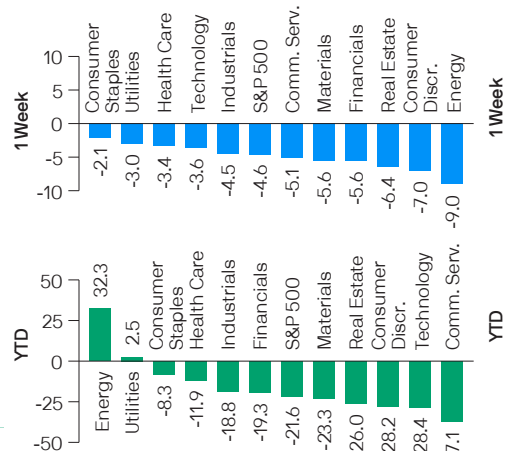




Chart of the Week: Source: Factset, J.P. Morgan Asset Management. Thought of the week: Source: Factset, J.P. Morgan Asset Management.

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 Unless otherwise stated, all data is as of September 26, 2022 or as of most recently available.

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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