

Weekly Market Recap

The week in review

- PCE came in below consensus at 6.0% y/y
- JPM Global Mfg. PMI fell 0.9pts to 47.8

The week ahead

- Services PMIs
- Consumer sentiment

Thought of the week

Last week's job data supported a reoccurring theme – the labor market is cooling from a position of strength. According to the October JOLTs report, there are still more jobs than Americans looking – now at a 1.7 openings/available worker from 2 to 1 earlier this year. Nonetheless, this remains elevated compared to the pre-pandemic average of 0.6 to 1. Postings on Indeed also continue to be robust, hovering 49% above their pre-pandemic norm. The quits rate fell slightly from 2.7% to 2.6%, suggesting that employees are growing less confident in being able to find alternate jobs. This was particularly true in interest-rate sensitive industries such as real estate (+0.3% m/m). Shifting to the November Jobs report, it was strong at surface level – payroll employment surpassed expectations (+263K vs. +200K consensus) as did average hourly earnings (+0.6 vs. +0.3% m/m consensus) with the unemployment rate unchanged at 3.7%. Beneath the surface, we saw the second consecutive monthly decline in household employment and a fall in temporary workers, both flashing signs of weakness. Though these monthly reports can be volatile and labor market turning points are difficult to capture, it does appear that tightening is having an impact on job creation and pay gains. This will keep the Fed on track for a 50 bps hike next week, a welcome reprieve from 75 bps. The recent increases in layoffs and continuing unemployment claims portend weaker jobs reports next year, which should lead the Fed to halt hikes altogether in 1Q23. Investors will be looking for more “bad news” on the labor market (especially wages) to gain conviction that inflation is cooling. For investors, U.S. yields may need to shift higher in the short-term to reflect a Fed that is still moving. Uncertainty necessitates a cautious approach to equities, but an environment of easing inflation and resilient growth could support more stability in equity markets.

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	4072	1.19	13.93	-13.26	-9.60	37.35
Dow Jones 30	34430	0.41	20.45	-3.30	1.51	31.99
Russell 2000	4704	1.33	14.00	-14.62	-13.01	22.26
Russell 1000 Growth	1544	1.76	10.52	-23.36	-21.16	41.13
Russell 1000 Value	963.79	0.77	16.99	-3.78	1.14	27.98
MSCI EAFE	1983	1.06	19.66	-12.36	-8.66	9.90
MSCI EM	973.85	3.51	11.48	-18.50	-18.58	1.68
NASDAQ	11461	2.12	8.58	-26.17	-24.87	37.01

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	4.39	1.54	3.71	-11.44	-11.62	-6.03
U.S. Corporates	5.12	1.72	5.83	-13.98	-14.00	-5.70
Municipals (10yr)	3.12	1.16	4.15	-6.88	-6.71	-0.19
High Yield	8.41	0.94	5.79	-9.81	-8.36	3.83

Key Rates	Levels (%)					
	12/2/22	11/25/22	9/30/22	12/31/21	12/2/21	12/2/19
2-yr U.S. Treasuries	4.28	4.42	4.22	0.73	0.63	1.61
10-yr U.S. Treasuries	3.51	3.68	3.83	1.52	1.44	1.83
30-yr U.S. Treasuries	3.56	3.74	3.79	1.90	1.76	2.28
10-yr German Bund	1.86	1.98	2.13	-0.18	-0.38	-0.27
3-mo. LIBOR	4.73	4.73	3.75	0.21	0.18	1.90
3-mo. EURIBOR	1.98	1.92	1.17	-0.57	-0.57	-0.40
6-mo. CD rate	N/A	1.52	0.97	0.14	0.14	0.79
30-yr fixed mortgage	6.49	6.49	6.75	3.33	3.31	3.97
Prime Rate	7.00	7.00	6.25	3.25	3.25	4.75

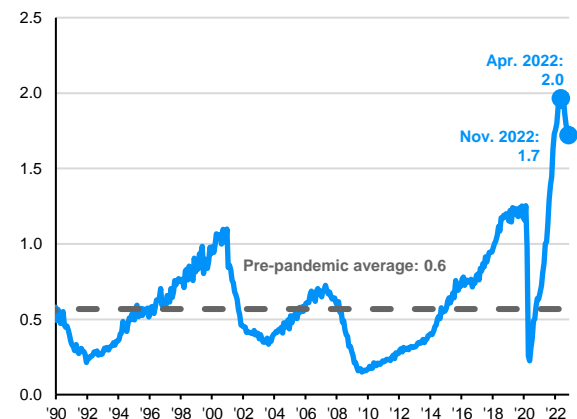
Index Characteristics			
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)
17.58	4.00	1.56	34219
17.36	4.55	1.83	9664
20.23	2.00	1.27	2429
22.98	9.61	0.94	18609
14.43	2.45	2.09	19200
12.43	1.64	3.20	14535
11.80	1.60	3.37	6434
24.47	4.97	0.88	18672

Currencies	Levels		
	12/2/22	12/31/21	12/2/21
\$ per €	1.05	1.14	1.13
\$ per £	1.22	1.35	1.33
¥ per \$	135.48	115.16	112.97

Commod.	Levels		
	12/2/22	12/31/21	12/2/21
Oil (WTI)	79.98	75.33	66.60
Gasoline	3.53	3.28	3.38
Natural Gas	6.28	3.82	4.08
Gold	1785	1806	1765
Silver	22.61	23.09	22.40
Copper	8342	9692	9520
Corn	5.96	5.86	5.72
BBG Idx	248.68	211.80	203.14

Chart of the Week

American labor market moderating from a position of strength. Ratio of job openings to job seekers



Style Returns

	V	B	G
L	0.8	1.2	1.8
M	0.9	1.3	2.1
S	1.0	1.3	1.7
L	-3.8	-13.3	-23.4
M	-7.3	-12.4	-21.6
S	-8.4	-14.6	-20.8

S&P 500 Sector Returns

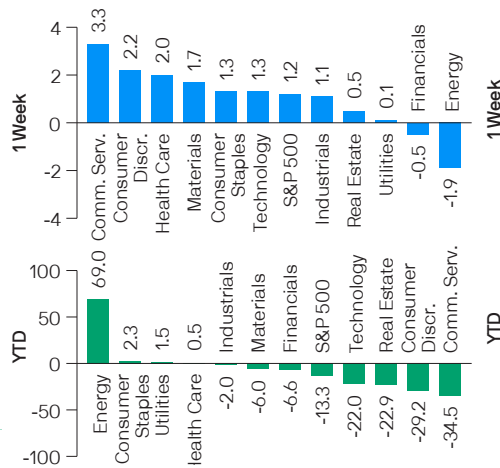




Chart of the Week: Source: BLS, J.P. Morgan Asset Management.
Thought of the week: Source: BLS, J.P. Morgan Asset Management.

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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