Weekly Market Recap

The week in review

- JOLTS increased to 10,717K
- FOMC increased federal funds rate by 75 bps
- U.S. composite PMI: 48.2

The week ahead

- CPI Inflation Report

Thought of the week

The October Jobs report saw a stronger-than-expected gain of 261,000 non-farm payroll jobs. However, with the unemployment rate edging up to 3.7%, the stubbornly tight labor market may be gradually softening. This notion was further supported by the wage data; although average hourly earnings increased 0.4% m/m, this cut the y/y increase to 4.7% in October from 5.0% in September. This surprising relationship between labor demand and wages sends a key message to the Fed: the labor market's persistent tightness is not necessarily causing an acceleration in inflation, yet merely slowing the highly anticipated deceleration.

While wage growth has remained steady on a month-over-month basis, there has been significant dispersion at the industry level. While there are signs of a slowdown in the goods-producing sectors, particularly the mining and logging industries, construction wages remain robust. Additionally, the report pointed toward continued strength within services-oriented sectors, further highlighting that the economy is still running hot in certain areas. In particular, transportation and warehousing saw a 0.7% m/m increase in wages; this is primarily due to a chronic lack of workers for these roles, higher transport volumes and continued supply chain constraints, which have been further complicated by the low water conditions in the Mississippi River. Beyond transportation, wage growth in information and financial activities has kept pace as well.

Despite some cooling in the employment report's headline wage numbers, continued momentum in the labor market, along with a robust CPI report expected next week, should keep pressure on the Fed to maintain an aggressive stance in its effort to combat inflation. Chairman Powell's hawkish rhetoric at last week's meeting signaled that any sort of pausing seems premature, and that the runway for rate hikes may extend further into 2023 than many expect.

Please see important disclosures on next page.

Weekly Data Center

		Index Returns (%)						Index Characteristics			
Equities	Level	1 week	QTD	YTD	1 year	3-yr. Cum.	NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)
S&P 500	3771	-3.31	5.30	-19.83	-18.16	28.68	16.30	3.77	1.69	31686
Dow Jones 30	32403	-1.38	12.93	-9.33	-8.46	25.67	16.39	4.34	1.94	9097
Russell 2000	4473	-2.53	8.21	-18.95	-24.08	16.95	18.75	1.93	1.30	2314
Russell 1000 Growth	1411	-5.61	0.83	-30.08	-29.77	31.57	21.11	9.14	1.03	17008
Russell 1000 Value	904.20	-1.19	9.50	-9.94	-8.45	20.65	13.52	2.32	2.22	18011
MSCI EAFE	1770	1.25	6.62	-21.91	-22.94	-2.36	11.71	1.57	3.42	13039
MSCI EM	884.98	4.68	1.13	-26.07	-27.93	-9.82	10.85	1.52	3.75	5800
NASDAQ	10475	-5.62	-0.88	-32.60	-33.77	27.25	22.37	4.67	0.96	17060

Fixed Income	Yield	1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	5.10	-0.78	-1.66	-16.02	-16.18	-10.87
U.S. Corporates	5.99	-0.59	-1.34	-19.80	-20.04	-11.86
Municipals (10yr)	3.91	0.34	-0.22	-10.79	-10.17	-4.21
High Yield	9.21	-1.23	1.77	-13.24	-12.69	-0.23

	Levels		
Currencies	11/4/22	12/31/21	11/4/21
$ per €	0.99	1.14	1.15
$ per £	1.13	1.35	1.35
¥ per $	147.25	115.16	113.64

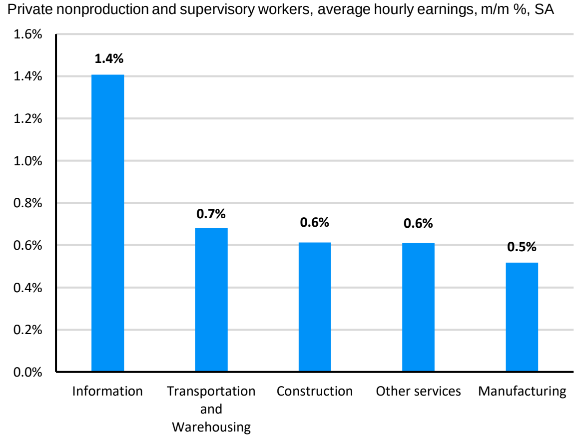
	Levels (%)					
Key Rates	11/4/22	10/28/22	9/30/22	12/31/21	11/4/21	11/4/19
2-yr U.S. Treasuries	4.66	4.41	4.22	0.73	0.41	1.60
10-yr U.S. Treasuries	4.17	4.02	3.83	1.52	1.53	1.79
30-yr U.S. Treasuries	4.27	4.15	3.79	1.90	1.96	2.27
10-yr German Bund	2.29	2.09	2.13	-0.18	-0.23	-0.35
3-mo. LIBOR	4.55	4.44	3.75	0.21	0.14	1.91
3-mo. EURIBOR	1.73	1.64	1.17	-0.57	-0.57	-0.40
6-mo. CD rate	1.40	1.33	0.97	0.14	0.14	0.86
30-yr fixed mortgage	7.06	7.06	6.75	3.33	3.24	3.98
Prime Rate	7.00	6.25	6.25	3.25	3.25	4.75

	Levels		
Commod.	11/4/22	12/31/21	11/4/21
Oil (WTI)	92.61	75.33	78.88
Gasoline	3.74	3.28	3.39
Natural Gas	6.40	3.82	5.73
Gold	1674	1806	1796
Silver	19.97	23.09	23.73
Copper	7905	9692	9785
Corn	6.61	5.86	5.54
BBG Idx	254.42	211.80	219.06

Chart of the Week

Wage growth remains strong in certain industries

Private nonproduction and supervisory workers, average hourly earnings, m/m %, SA



Style Returns

1 Week

	V	B	G
L	-1.2	-3.3	-5.6
M	-1.3	-2.0	-3.4
S	-1.6	-2.5	-3.4

YTD

	V	B	G
L	-9.9	-19.8	-30.1
M	-13.6	-18.9	-28.4
S	-12.6	-19.0	-25.2

S&P 500 Sector Returns

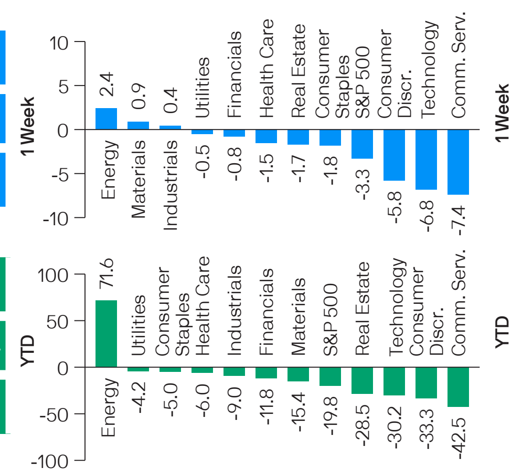


Chart of the Week: Source: BLS, J.P. Morgan Asset Management.

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: Blomberg 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).

Past performance does not guarantee future results.

Diversification does not guarantee investment returns and does not eliminate the risk of loss.

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Unless otherwise stated, all data is as of November 7, 2022 or as of most recently available.

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