



Weekly Market Recap

The week in review

- Headline CPI rose 0.2% m/m and 2.9% y/y
- PPI rose by a softer than expected 0.1% m/m
- Retail sales rose 1.0% m/m, beating expectations
- Initial claims fell 17K to 227K

The week ahead

- FOMC Minutes
- Jackson Hole
- PMIs
- New home sales

Thought of the week

Recent data have sent mixed signals about the U.S. economy, causing interest rate expectations to fluctuate once again. Just two weeks ago, a weak jobs report sparked recession fears, and markets swiftly priced in an additional rate cut for this year. Since then, strong retail sales and low initial jobless claims readings helped alleviate these fears, and markets are now back to pricing in only three cuts in 2024. However, while short-term rate expectations dominate headlines, it is long-term rates that matter most to long-term investors.

This week's chart explores both market and Fed expectations of the longer-term, or "neutral," federal funds rate. As of the most recent *Summary of Economic Projections*, the Fed's "dot plot" projects that the overnight rate will be 3.1% by the end of 2026, and not lower than 2.8% over the long run. Moreover, this number was revised higher, first in March and again in June, signifying that the Fed thinks the economy can tolerate higher interest rates. This suggests that, barring any sort of economic collapse, the era of "free money" is likely over, and a more "normal" interest rate environment, where real yields are positive, is upon us.

Given this backdrop, investors may have to reconsider how they allocate capital. Higher bond yields could help investors achieve their income goals with less risk, while equity market quality will be more of a focus as companies combat higher borrowing costs.

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	5554	3.99	1.89	17.47	28.00	29.94
Dow Jones 30	40660	3.02	4.16	9.15	19.39	21.36
Russell 2000	5323	2.98	4.74	6.56	16.16	1.45
Russell 1000 Growth	2419	5.27	-0.21	20.45	35.10	31.37
Russell 1000 Value	1106	2.50	4.52	11.44	18.43	19.37
MSCI EAFE	2375	4.09	2.83	8.74	17.44	10.77
MSCI EM	1094	2.91	1.35	9.14	15.39	-5.64
NASDAQ	17632	5.35	-0.48	18.00	31.85	22.06

Fixed Income	Yield	Index Returns (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	4.46	0.53	3.64	2.91	8.58	-6.33
U.S. Corporates	4.98	0.98	3.83	3.33	10.95	-6.26
Municipals (10yr)	3.22	0.14	1.58	-0.02	3.99	-1.53
High Yield	7.70	0.77	2.67	5.32	12.46	7.76

Key Rates	Levels (%)					
	8/16/24	8/9/24	6/28/24	12/29/23	8/16/23	8/16/21
2-yr U.S. Treasuries	4.06	4.05	4.71	4.23	4.97	0.21
10-yr U.S. Treasuries	3.89	3.94	4.36	3.88	4.28	1.26
30-yr U.S. Treasuries	4.15	4.23	4.51	4.03	4.38	1.92
10-yr German Bund	2.25	2.22	2.47	2.00	2.65	-0.48
SOFR	5.35	5.34	5.33	5.38	5.30	0.05
3-mo. EURIBOR	3.56	3.56	3.71	3.91	3.80	-0.55
6-mo. CD rate	2.30	2.29	2.38	2.23	2.16	0.15
30-yr fixed mortgage	6.54	6.54	7.03	6.76	7.16	3.06
Prime Rate	8.50	8.50	8.50	8.50	8.50	3.25

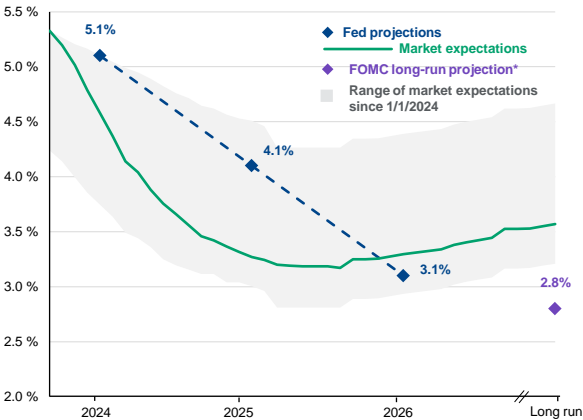
Index Characteristics			
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)
21.04	4.64	1.27	46647
18.48	4.89	1.74	14447
24.33	1.87	1.35	2535
28.53	11.99	0.55	26715
16.09	2.56	2.03	24148
13.75	1.81	2.79	16964
12.03	1.63	2.21	7604
27.48	6.28	0.67	28556

Levels			
Currencies	8/16/24	12/29/23	8/16/23
\$ per €	1.10	1.10	1.09
\$ per £	1.29	1.27	1.28
¥ per \$	148.00	140.98	145.82

Levels			
Commod.	8/16/24	12/29/23	8/16/23
Oil (WTI)	78.21	71.89	79.40
Gasoline	3.41	3.12	3.85
Natural Gas	2.20	2.58	2.55
Gold	2486	2078	1904
Silver	28.14	23.79	22.70
Copper	8938	8476	8132
Corn	3.68	4.59	5.22
BBG Idx	227.24	226.43	232.72

Chart of the Week

Federal funds rate expectations
FOMC dot plot and federal fund futures curve



Style Returns

	V	B	G
L	2.5	4.0	5.3
M	2.2	2.6	4.1
S	2.8	3.0	3.1

	V	B	G
L	11.4	17.5	20.4
M	9.4	9.1	7.9
S	5.1	6.6	8.2

S&P 500 Sector Returns

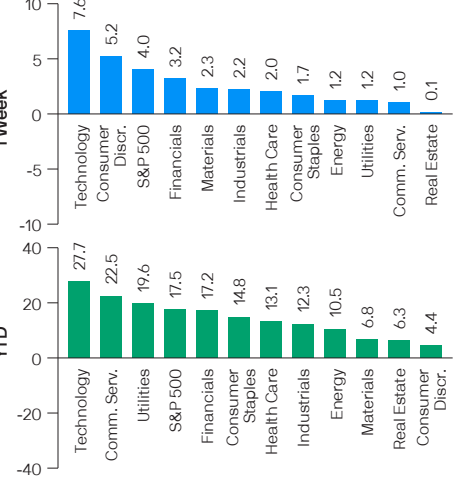




Chart of the Week: Bloomberg, CME Group, Federal Reserve, J.P. Morgan Asset Management. Market expectations reflect the federal funds rate futures curve as of 8/15/2024.

Thought of the week: Bloomberg, CME Group, Federal Reserve, J.P. Morgan Asset Management. Market expectations reflect the federal funds rate futures curve as of 8/15/2024.

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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