

Weekly Market Update



Market Data as of Week Ending: 8/26/2022 unless noted otherwise

U.S. stock prices ended the week with a sharp decline. Most of the losses were at end of the week after Fed chair Powell's statement that regardless of unemployment levels, raising interest rates and holding them at an elevated level until inflation is tamed remains the priority. Investors became less optimistic that the Fed will be able to control inflation without harming economic growth. Value stocks held up better than their growth counterparts while large companies generally lagged behind their small and mid-sized peers. Nearly all major economic sectors in the S&P 500 declined with energy up more than 4%. Declines were broad-based across most sectors as even traditionally defensive sectors such as consumer staples, real estate, and health care, were down more than 3%. Cyclical and economically sensitive sectors such as information technology, consumer discretionary, and communication services fared the worst. Developed foreign and emerging stock prices also declined but outperformed the U.S. for the week.

U.S. Treasury yields generally moved higher in response to economic data and Fed's statement on its outlook for interest rate policy decisions. The 10-year U.S. Treasury increased to 3.04%, up from 2.98%, and the 2-year increased to 3.40%, up from 3.24%. Returns were negative across most of the fixed income spectrum with long government bonds being the only exception. Higher quality government bonds outperformed while high yield corporate bonds lagged. Yields on investment grade and high yield corporate bonds increased, finishing the week at 4.7% and 8.0%, respectively.

Economic releases were generally worse than expected as it's becoming clearer that growth continues to decelerate in response to tightening financial conditions. S&P released PMI data for August that shows a sharp decline in business activity with notable declines in the services industries. Demand has been weakened by a combination of shortages, delivery delays, higher borrowing costs and strong inflationary pressures. The housing market continues to show weakness as new home sales declined in July for the sixth month this year. Consumer spending slowed to a 0.1% gain in July and PCE, the Fed's preferred measure of inflation, came in at 6.3% (4.6% excluding food & energy). One of the only bright spots for the week was the University of Michigan's index of consumer sentiment, which increased more than expected, reaching 58.2 in August. European business activity also slowed down according to PMI data from S&P that indicated another monthly decline in new orders and considerably slower demand for services.

U.S. Equity Returns (Size & Style - Russell)

	Week			MTD			QTD			YTD		
	Value	Core	Growth	Value	Core	Growth	Value	Core	Growth	Value	Core	Growth
Large	-3.16%	-3.87%	-4.55%	-0.77%	-1.37%	-1.93%	5.81%	7.82%	9.84%	-7.80%	-14.76%	-21.00%
Mid	-3.11%	-3.28%	-3.60%	-0.65%	-0.70%	-0.80%	7.91%	9.10%	11.34%	-9.61%	-14.43%	-23.18%
Small	-3.26%	-2.93%	-2.60%	-0.09%	0.88%	1.85%	9.58%	11.42%	13.25%	-9.39%	-14.69%	-20.10%

U.S. Fixed Income Returns (Quality & Duration - Bloomberg)

	Week			MTD			QTD			YTD		
	Short	Interm	Long	Short	Interm	Long	Short	Interm	Long	Short	Interm	Long
Govt	-0.25%	-0.33%	0.33%	-1.14%	-1.59%	-3.03%	-0.36%	-0.29%	-0.43%	-4.53%	-6.04%	-21.54%
Corp	-0.26%	-0.35%	-0.03%	-0.88%	-1.33%	-2.52%	0.62%	1.01%	2.18%	-5.02%	-8.05%	-21.07%
HY	-0.74%	-1.06%	-0.91%	0.01%	-0.71%	0.22%	4.47%	5.11%	6.98%	-5.60%	-9.16%	-18.92%

Index Returns

	Week	MTD	QTD	YTD
Equities (Stocks)				
S&P 500	-4.02%	-1.62%	7.45%	-14.00%
S&P MidCap 400	-3.01%	-0.39%	10.42%	-11.16%
Russell 2000	-2.93%	0.88%	11.42%	-14.69%
MSCI EAFE	-1.91%	-2.61%	2.24%	-17.77%
MSCI Emerging Markets	0.54%	1.66%	1.41%	-16.46%
MSCI EAFE Small Cap	-1.84%	-3.00%	3.41%	-22.14%
Fixed Income (Bonds)				
Bloomberg Int Gov/Credit	-0.33%	-1.50%	0.11%	-6.67%
Bloomberg US Agg	-0.36%	-2.03%	0.36%	-10.02%
Bloomberg US High Yield	-1.05%	-0.68%	5.18%	-9.74%
Other				
Bloomberg Commodity	1.92%	2.48%	6.85%	26.55%
S&P Dev Property	-3.09%	-3.85%	3.80%	-17.37%

S&P 500 Sector Returns

	Week	MTD	QTD	YTD
Consumer Disc	-4.74%	-2.03%	16.53%	-21.72%
Consumer Staples	-3.32%	-0.07%	3.22%	-2.54%
Energy	4.27%	5.78%	16.07%	53.02%
Financials	-3.55%	-0.01%	7.20%	-12.87%
Health Care	-4.26%	-3.88%	-0.69%	-8.96%
Industrials	-3.43%	-0.12%	9.37%	-8.99%
Info Technology	-5.58%	-2.95%	10.19%	-19.46%
Materials	-1.29%	0.02%	6.16%	-12.83%
Real Estate	-3.75%	-2.98%	5.11%	-15.51%
Communication Svcs	-4.82%	-2.70%	0.91%	-29.52%
Utilities	-2.60%	2.37%	8.00%	7.40%

Bond Yields

	8/26/22	7/31/22	6/30/22	12/31/21
3Mo Libor	3.07%	2.79%	2.29%	0.21%
SOFR 3Mo Swap	2.91%	2.55%	2.10%	0.09%
2Yr Treasury	3.40%	2.89%	2.96%	0.73%
10Yr Treasury	3.04%	2.65%	3.02%	1.51%
2-10 Slope	-0.36%	-0.24%	0.06%	0.78%

Commodities and Currency

	8/26/22	7/31/22	6/30/22	12/31/21
Oil (\$/barrel)	93.06	98.62	105.76	76.99
Gold (\$/oz.)	1738.14	1765.94	1807.27	1829.2

Past performance is not a guarantee of future results. We believe the information presented is reliable, but we do not guarantee its accuracy.