

# July 2022 Market Watch

U.S. markets reversed last month's losses with the S&P 500 closing up +9.1% to end its best month since Nov 2020. The Dow was up +6.7% and NASDAQ was up +12.3%. Second quarter earnings helped this month as many tech and consumer companies reported better than expected results. However, the market shifted attention from inflation to slowing growth as the U.S. Fed Reserve increased rates by 75 basis points (bps) for the second consecutive month, the largest two-month increase in the federal funds rate (150 bps) since the early-1980s.

Growth concerns were the focus as inflation soared to new highs in July at 9.1% year-on-year. July's flash PMIs reflected U.S. activity slipping into contraction with the composite index printing 47.5 due to a fall to 47.0 in the services sector, while manufacturing remained in expansionary territory at 52.3. Furthermore, Q2 2022 real GDP growth contracted -0.9% quarter-on-quarter (following a Q1 contraction of -1.6%). On a positive note, labor markets remained a bright spot. Fed Chair Powell pivoted away from guidance, allowing the FOMC more flexibility for upcoming meetings based on evolving economic data.

The theme that will remain in focus is how global central banks will navigate policies to fight rising inflation and slowing growth.

	Date	1 Week Ago		1 Month Ago		YTD	1 Year Ago	
	7/31/22	7/24/22	% chg*	6/30/22	% chg*	% chg*	7/31/21	% chg*
<b>DJIA</b>	32,845.1	31,899.3	3.0%	30,775.4	6.7%	-9.6%	34,935.5	-6.0%
<b>S&amp;P 500</b>	4,130.3	3,961.6	4.3%	3,785.4	9.1%	-13.3%	4,395.3	-6.0%
<b>NYSE Comp Index</b>	15,327.7	14,790.8	3.6%	14,487.6	5.8%	-10.7%	16,602.3	-7.7%
<b>NASDAQ Composite</b>	12,390.7	11,834.1	4.7%	11,028.7	12.3%	-20.8%	14,672.7	-15.6%
<b>Russell 2000</b>	1,885.2	1,806.9	4.3%	1,708.0	10.4%	-16.0%	2,226.2	-15.3%
<b>MSCI EM (Emerging Markets)</b>	993.8	990.4	0.3%	1,000.7	-0.7%	-19.3%	1,277.8	-22.2%
<b>MSCI EAFE</b>	1,937.3	1,897.4	2.1%	1,846.3	4.9%	-17.1%	2,321.1	-16.5%
<b>Japan Nikkei 225</b>	27,801.6	27,914.7	-0.4%	26,393.0	5.3%	-3.4%	27,283.6	1.9%
<b>FTSE 100</b>	7,423.4	7,276.4	2.0%	7,169.3	3.5%	2.7%	7,032.3	5.6%
<b>SSE Comp Index</b>	3,253.2	3,270.0	-0.5%	3,398.6	-4.3%	-10.6%	3,397.4	-4.2%

## US Equity Sector Performance

	July	YTD	1 Yr Ret.
<b>Consumer Discretionary</b>	18.9%	-20.1%	-10.3%
<b>Consumer Staples</b>	3.3%	-2.5%	7.4%
<b>Energy</b>	9.7%	44.7%	67.4%
<b>Financials</b>	7.2%	-12.9%	-6.0%
<b>Health Care</b>	3.3%	-5.3%	1.8%
<b>Industrials</b>	9.5%	-8.9%	-6.0%
<b>Information Tech</b>	13.5%	-17.0%	-5.5%
<b>Materials</b>	6.1%	-12.9%	-5.1%
<b>Communication Services</b>	3.7%	-27.6%	-29.0%
<b>Utilities</b>	5.5%	4.9%	15.6%
<b>Real Estate</b>	8.3%	-12.9%	-1.3%

## US Equity Style Performance

	July	YTD	1 Yr Ret.
<b>Dow Jones Utilities</b>	5.7%	4.4%	12.9%
<b>DJ TRANS Avg.</b>	11.0%	-10.7%	2.3%
<b>Russell 1000 Value</b>	6.6%	-7.1%	-1.4%
<b>Russell 1000 Growth</b>	12.0%	-19.4%	-11.9%
<b>Russell 2000 Value</b>	9.7%	-9.3%	-4.8%
<b>Russell 2000 Growth</b>	11.2%	-21.6%	-23.2%

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## Bond Markets (%)

	7/31/22	1 Mth Ago	1 Yr Ago
US Benchmark Bond – 3 Mth	2.33	1.64	0.05
US Benchmark Bond – 6 Mth	2.79	2.42	0.06
US Benchmark Bond – 2 Yr	2.90	2.93	0.18
US Benchmark Bond – 5 Yr	2.70	3.00	0.70
US Benchmark Bond – 10 Yr	2.64	2.98	1.23
US Benchmark Bond – 30 Yr	2.98	3.12	1.89

## US Bond Sector Performance

	July	YTD	1 Yr Ret.
Bloomberg Barclays U.S. Govt. Intrm. TR	1.33%	-4.52%	-5.80%

## Exchange Rates (per US dollar)

	7/31/22	1 Mth Ago	1 Yr Ago
Canadian Dollar	1.281	1.290	1.248
Mexican Peso	20.361	20.176	19.860
Euro	0.981	0.957	0.843
British Pound	0.822	0.823	0.719
Swiss Franc	0.952	0.957	0.906
Chinese Yuan	6.737	6.694	6.456
Indian Rupee	79.261	78.973	74.415
Japanese Yen	133.650	135.855	109.750

## Commodities (In US dollars)

	7/31/22	1 Mth Ago	1 Yr Ago
Gold	1,785.20	1,807.30	1,817.20
Crude Oil	93.85	105.76	73.95
US Dollar Index	105.17	104.46	92.19
Bloomberg Commodity Index	121.83	117.05	96.28

## Interest Rates (%)

	7/31/22	1 Mth Ago	1 Yr Ago
Prime Rate	5.50	4.75	3.25
Federal Funds Rate	1.58	1.58	0.10
Libor Rate 30 Day	2.37	1.79	0.09
Libor Rate 3 Months	2.78	2.29	0.12
30yr Fixed Mortgage	5.30	5.70	2.80

## Economic Sentiment

	7/31/22	1 Yr Ago
Unemployment Rate	3.60%	5.40%
Average Single Family Home	401,600	383,200
Capacity Utilization	80.00%	78.24%

\*Performance for world indices represents price returns (excluding dividends) for the DJIA, S&P 500, NASDAQ, Russell 2000, MSCI EM, MSCI EAFE, NYSE, SSE, and Nikkei, due to data availability.

All of the U.S. equity sectors closed higher with Consumer Discretionary +18.9%, Tech +13.5% and Energy +9.7% leading the gainers. Second quarter results were more positive for consumer names as sales set a new record and margins increased, despite some focus this month on discounting products in retail stores to remove excess inventories.

Developed International Equities (MSCI EAFE) closed higher +4.9% and Emerging Market (MSCI EM) -0.7% closed slightly lower. China struggled with continued lockdown measures due to Omicron outbreaks. However, Chinese Q2 GDP reported +1.0% year-on-year and exports significantly beat expectations at +17.9% year-on-year, signaling an easing of supply chain pressures. However, overall global growth slowed as global central banks simultaneously fight inflation.

The U.S. yield curve inverted from the previous month's flattening as 10-Yr rates fell on the back of Fed rate increase and recessionary concerns. The 2-Yr note fell to 2.90%, 10-Yr fell sharply below its 2022 peak to 2.64%, and the 30-Yr to 2.98%.

The Bloomberg Commodity Index ended the month in +4.1%. WTI crude oil continued to pullback and closed down -6.8% to \$98.62/barrel, while Brent retreats to \$110/barrel as geopolitical tensions and output concerns remained. Gold closed lower -1.4%.

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