Peapack Private

The Weekly
Economic & Market Recap

September 22, 2023

Weekly Recap

Equity markets were volatile this week as concerns over inflation, higher interest rates, ongoing geopolitical conflicts, and labor disputes resulted in risk-off investor sentiment. Crude oil is currently trading around $90 per barrel, and some analysts expect prices to exceed $100 per barrel, which could make the Federal Reserve's efforts to curb inflation more difficult. On Thursday, the September Philadelphia Fed manufacturing report came in weaker than expected at -13.5 driven by a decline in new orders. This reading is the 14th negative reading in the past 16 months. Labor disputes between the United Auto Workers (UAW) and General Motors, Ford, and Stellantis remain ongoing as no agreement was reached before the Friday deadline. Wages, pay tiers and work week duration remain critical issues in their negotiations; however, the UAW announced that significant progress was made with Ford. On a geopolitical front, additional assistance for Ukraine remains a key point for discussion as conflict continues between Ukraine and Russia. Ukrainian President Volodymyr Zelensky visited Washington this week to meet with President Biden and congressional leaders. Poland's Prime Minster Mateusz Morawiecki announced Poland will discontinue supplying weaponry to Ukraine after disputes over Kyiv grain exports. All three major indices traded lower this week with the S&P 500, Nasdaq, and Dow down 2.93%, 3.62%, and 1.89%, respectively. Value outperformed growth by 79 basis points. Healthcare had the strongest performance this week and consumer discretionary was the weakest sector.

Key Thought for The Week

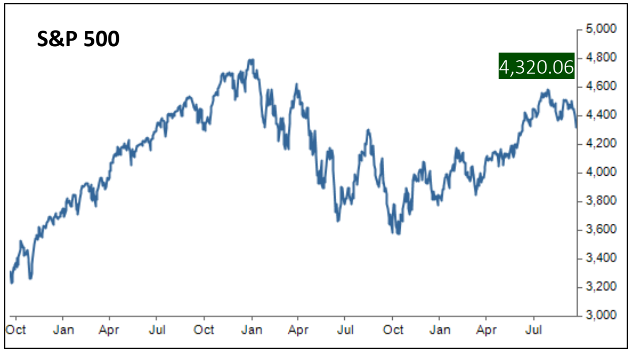
On Wednesday, the U.S. Federal Reserve left the Fed funds rate unchanged with a target range of 5.25% to 5.5%. Despite the Fed's decision, market participants have been characterizing it as a "hawkish skip". The FOMC signaled that interest rates will stay higher for longer with the likelihood of one more 25 basis point hike in 2023. Out of the 19 FOMC officials, 12 currently favor another increase. The challenge is predicting the impact of the lag effect from previous monetary tightening and right now, the Fed is caught between overtightening or insufficient tightening as they try to get inflation back to their 2% objective. There have been signs of cooling inflation, however, the labor market still appears too tight. It has been noted by some analysts that it will take a 4.4% unemployment rate to bring inflation back down to 2%. The Summary of Economic Projections (SEP) was accompanied by an updated dot plot. Within the SEP, the Fed forecasted unemployment at 3.8% in 2023 vs 4.1% in June – moving farther away from 4.4%. The dot plot showed the median Fed funds rate for 2023 remaining at 5.6%, but the 2024 median dot jumped from 4.625% to 5.125%. That indicates a slower pace of cuts in 2024.

9/22/2023 STOCKS	Close	Wk Net Change	Wk % Change	Div Yield	YTD % Change	12 Mos % Change
DJIA	33,963.84	-654.40	-1.89	2.13	2.46	12.92
S&P 500	4,320.06	-130.26	-2.93	1.60	12.52	14.96
NASDAQ	13,211.81	-496.53	-3.62	0.82	26.23	19.38
S&P MidCap 400	2,495.51	-71.82	-2.80	1.80	2.68	9.07
EAFE	2,070.88	-37.35	-1.77	3.26	6.53	19.43
Emerging Market	956.25	-28.74	-2.92	2.94	-0.01	3.65

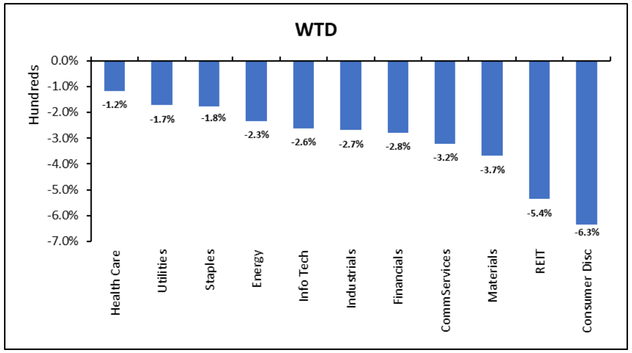
TREASURIES	Yield
1-Year	5.45
2-Year	5.11
5-Year	4.57
10-Year	4.44
30-Year	4.53

FOREX	Price	Wk % Change
USD/EUR	1.06	-0.13
JPY/USD	148.40	-0.37
USD/GBP	1.22	-1.18
CAD/USD	1.35	0.36

Source: FactSet/Bloomberg



Sector - Large Cap	Close	Wk Net Change	WTD	MTD	QTD	YTD
Defensive						
Staples	742.89	-13.50	(1.8%)	(2.8%)	(4.6%)	(4.7%)
Health Care	1,518.09	-18.10	(1.2%)	(2.0%)	(2.0%)	(4.3%)
CommServices	222.24	-7.41	(3.2%)	(3.3%)	2.9%	39.4%
Eco Sensitive						
Consumer Disc	1,267.40	-85.91	(6.3%)	(5.8%)	(4.7%)	26.0%
Energy	685.48	-16.36	(2.3%)	1.2%	9.9%	2.0%
Industrials	861.67	-23.79	(2.7%)	(5.6%)	(5.1%)	3.6%
Info Tech	2,908.04	-78.52	(2.6%)	(6.8%)	(5.8%)	33.9%
Materials	493.72	-18.89	(3.7%)	(5.2%)	(5.4%)	0.9%
Interest Rate Sensitive						
Financials	561.05	-16.13	(2.8%)	(1.7%)	(0.0%)	(1.5%)
Utilities	321.67	-5.66	(1.7%)	1.2%	(3.3%)	(10.3%)
REIT	217.26	-12.31	(5.4%)	(6.3%)	(8.2%)	(6.5%)



COMING UP NEXT WEEK		Consensus	Prior
09/26 Consumer Confidence	(Sep)	105.0	106.1
09/26 New Home Sales SAAR	(Aug)	700.0K	714.0K
09/27 Durable Orders SA M/M (Preliminary)	(Aug)	0.20%	-5.2%
09/28 GDP Chain Price SAAR Q/Q (Final)	(Q2)	2.0%	2.0%
09/28 Initial Claims SA	(09/23)	210.0K	201.0K
09/29 Personal Consumption Expenditure SA M/M	(Aug)	0.50%	0.80%
09/29 Personal Income SA M/M	(Aug)	0.45%	0.20%
09/29 Chicago PMI SA	(Sep)	48.0	48.7
09/29 Michigan Sentiment NSA (Final)	(Sep)	67.7	67.7

Russell Style Return

WTD	Value	Blend	Growth
Large	(2.56%)	(2.98%)	(3.35%)
Medium	(2.99%)	(3.06%)	(3.24%)
Small	(3.69%)	(3.81%)	(3.93%)

YTD	Value	Blend	Growth
Large	2.72%	13.65%	25.32%
Medium	0.90%	3.96%	9.12%
Small	(1.09%)	1.95%	4.62%

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