



### Weekly Recap

Major U.S. equity indices experienced a volatile week, and the Federal Open Market Committee (FOMC) meeting served as the primary catalyst. Domestic equities continued to sell off, recording a fourth weekly decline in the past five weeks. It was also a busy economic week, with several reports indicating that the economy is not slowing down as fast as the Fed would like. U.S. housing starts rose 12.2% month-over-month to an annualized 1.575 million in August, above the consensus of 1.450 million. Building permits fell 10% month-over-month to an annualized 1.517 million, below the consensus of 1.604 million. August U.S. existing home sales totaled 4.8 million, down 27% from the beginning of the year but slightly above the consensus of 4.7 million. In other news, the U.S. Leading Economic Indicator (LEI) report witnessed a sixth consecutive monthly decline, falling 0.3% in August. In turn, the FOMC announced another 75 basis points (bps) rate hike mid-week. It is the fifth rate hike since March, increasing the target rate to 3.00%-3.25%. Fed Chair Jerome Powell recognized that higher interest rates will distress consumers and businesses but are necessary to bring inflation down to the 2% target. In this week alone, global rate increases totaled approximately 650 bps. Two-year Treasury yields have been the highest since October 2007, pushing through 4%, while the dollar index is the strongest in 20 years. Investors will now focus on the upcoming Q3 earnings season, especially changes in estimates given the hawkish Fed and declining macro backdrop.

### Key Thought for The Week

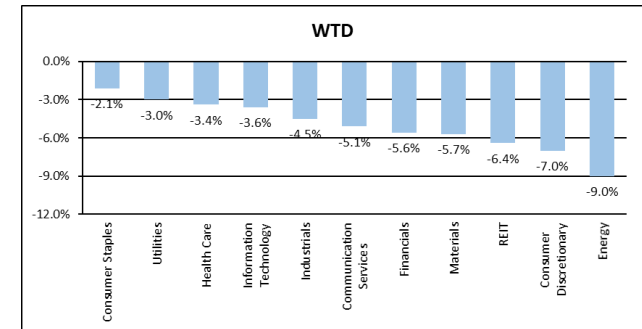
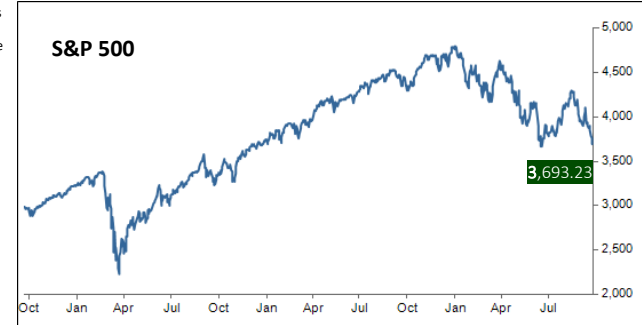
On Wednesday, the Federal Reserve Open Markets Committee (FOMC) concluded its two-day meeting with a decision to increase the federal funds rate (the interest rate banks charge each other to borrow or lend excess reserves overnight) by 75-basis points (bps) for the third consecutive meeting. This decision was in line with market expectations going into the meeting, driven by a uniformly hawkish message on the outlook for interest rate policy in the weeks leading up to the event. The Federal funds target rate is now 3.00%-3.25%, its highest level since 2008. The dot plot, which maps out Fed officials' expected path for rates, revealed their intention to continue increasing rates until the funds level hits a "terminal rate," or end point, of 4.6% in 2023 and shows an additional 125 bps of rate increases for the remainder of 2022, with potentially one more hike next year. During the press conference following the Fed's decision, Chair Jerome Powell said inflation has not declined as much as the central bank had expected it would. Any thought of a pause or pivot by the Fed in the short-term appears less likely.

9/23/2022		Wk Net Change	Wk % Change	Div Yield	YTD % Change	12 Mos % Change
<b>STOCKS</b>						
	Close					
DJIA	29,590.41	-1,232.01	-4.00	2.28	-18.57	-14.88
S&P 500	3,693.23	-180.10	-4.65	1.79	-22.51	-16.99
NASDAQ	10,867.93	-580.48	-5.07	0.95	-30.53	-27.80
S&P MidCap 400	2,239.29	-140.99	-5.92	1.99	-21.21	-17.18
EAFE	1,734.02	-54.59	-3.05	3.52	-24.08	-24.28
Emerging Market	922.61	-21.51	-2.28	3.43	-25.11	-27.50

	Yield	FOREX	Price	Wk % Change
<b>TREASURIES</b>				
2-Year	4.20	USD/EUR	0.97	-3.36
5-Year	3.98	JPY/USD	143.29	-0.29
10-Year	3.69	USD/GBP	1.09	-4.64
30-Year	3.61	CAD/USD	1.36	-2.26

Source: FactSet						
<b>Sector - Large Cap</b>						
	Close	Wk Net Change	WTD	MTD	QTD	YTD
<b>Defensive</b>						
Staples	724.5	-15.89	(2.1%)	(4.5%)	(3.4%)	(10.0%)
Health Care	1431.15	-49.99	(3.4%)	(1.4%)	(4.2%)	(12.9%)
CommServices	167.08	-8.97	(5.1%)	(9.4%)	(10.2%)	(37.5%)
<b>Eco Sensitive</b>						
Consumer Disc	1149.64	-86.76	(7.0%)	(5.8%)	6.7%	(28.6%)
Energy	542.61	-53.66	(9.0%)	(11.3%)	(0.7%)	28.4%
Industrials	717.6	-34.17	(4.5%)	(8.4%)	(2.8%)	(19.8%)
Info Tech	2170.76	-80.86	(3.6%)	(8.2%)	(2.3%)	(29.0%)
Materials	430.9	-25.92	(5.7%)	(9.0%)	(7.0%)	(24.4%)
<b>Interest Rate Sensitive</b>						
Financials	516.93	-30.53	(5.6%)	(5.6%)	(1.2%)	(20.5%)
Utilities	364.66	-11.47	(3.0%)	(3.0%)	2.3%	0.3%
REIT	235.22	-16.20	(6.4%)	(10.1%)	(8.0%)	(27.6%)

	COMING UP NEXT WEEK	Consensus	Prior
09/27	Building Permits SAAR (Final)	(Aug)	-
09/27	Durable Orders ex-Transportation SA M/M (Preliminary)	(Aug)	0.20%
09/27	Durable Orders SA M/M (Preliminary)	(Aug)	-0.30%
09/27	Consumer Confidence	(Sep)	103.5
09/27	New Home Sales SAAR	(Aug)	495.0K
09/28	Pending Home Sales M/M	(Aug)	-1.5%
09/29	Continuing Jobless Claims SA	(09/17)	1,440K
09/29	GDP SAAR Q/Q (Final)	(Q2)	-0.60%
09/29	Initial Claims SA	(09/24)	220.0K
09/29	Personal Consumption Expenditure SA M/M	(Aug)	0.20%
09/30	Michigan Sentiment NSA (Final)	(Sep)	59.5



### Russell Style Return

	WTD	Value	Blend	Growth
Large	(5.2%)	(4.9%)	(4.6%)	
Medium	(5.8%)	(6.1%)	(6.5%)	
Small	(6.1%)	(6.6%)	(7.1%)	

	YTD	Value	Blend	Growth
Large	(15.6%)	(22.5%)	(28.6%)	
Medium	(18.3%)	(22.8%)	(31.0%)	
Small	(19.3%)	(24.5%)	(29.7%)	

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