



Weekly Recap

Equities changed course this week, with the Dow, S&P 500, and NASDAQ all posting gains supported by strength in all sectors. Consumer discretionary was the top performing sector this week while energy was the laggard. Furthermore, value and growth performed closely, resulting in gains of 3.66% and 4.05%, respectively. The S&P 500 is now trading above its 100-day average. Treasury yields increased this week and rates remain elevated as investors finally embraced the Federal Reserve's hawkish approach to bring inflation closer to 2%. The Fed will continue to raise rates to combat inflation with 75 basis points (bps) as the consensus heading into the next FOMC meeting. The 10-year U.S. Treasury yield is inching closer to the 2022 peak of 3.48% and is approximately 1.5 standard deviations above the 6-month average of 2.84%. Despite a rise of 5.7 bps in 10-year state and local debt this week, the 10-year Muni/Treasury ratio has remained stable at 82.5% compared to 82.2% a week ago. U.S. investment grade issuers were busy this week, led by Walmart pricing a \$5 billion deal. Rating agencies have issued more downgrades than upgrades this week, indicating a continued concern about corporations' ability to maintain profit margins. Markets are now focused on next week's inflation data, given that it is the last CPI report before the September FOMC policy meeting. This week's economic data continued to show a solid labor market; initial jobless claims were lower than expected.

Key Thought for The Week

The domestic labor market is strong and inflation is running well beyond the Fed's 2% target, which means that the Fed must continue to tighten monetary policy. The next Fed funds rate decision is on September 21st and the Fed funds futures market is assigning a high probability of another sizable 75 basis point rate increase. The Fed is intently focused on bringing down inflation and beyond increasing the Fed funds rate, it is also reducing the size of its enormous balance sheet through the process of quantitative tightening (QT). Moreover, the Fed recently ramped up the runoff of its balance sheet to \$95 billion per month, which is almost twice the pace of the previous QT process from 2017 to 2019. With monetary policy constricting rapidly, it will not be surprising to see market volatility at a higher level in the coming months.

	9/9/2022	Wk Net Change	Wk % Change	Div Yield	YTD % Change	12 Mos % Change
STOCKS	Close					
DJIA	32,151.71	833.27	2.66	2.09	-11.52	-7.82
S&P 500	4,067.36	143.10	3.65	1.61	-14.66	-9.48
NASDAQ	12,112.31	481.44	4.14	0.85	-22.58	-20.57
S&P MidCap 400	2,498.05	104.95	4.39	1.77	-12.10	-7.88
EAFE	1,800.52	-22.94	-1.26	3.41	-22.93	-24.17
Emerging Market	957.22	-14.80	-1.52	3.33	-22.30	-26.37

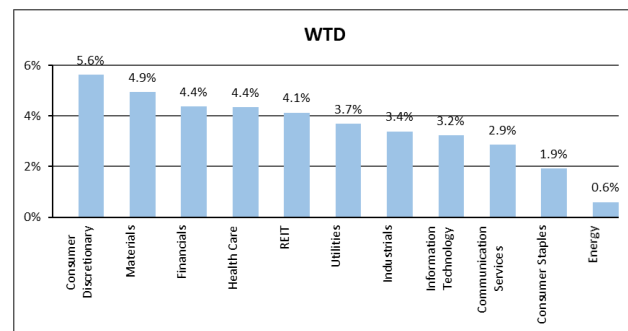
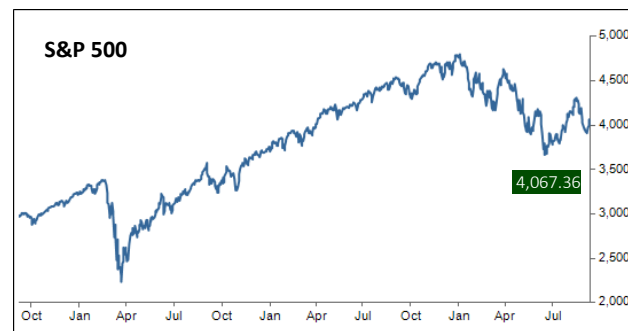
	Yield	FOREX Price	Wk % Change
TREASURIES			
2-Year	3.56	USD/EUR 1.00	0.26
5-Year	3.44	JPY/USD 142.45	1.72
10-Year	3.31	USD/GBP 1.16	-0.01
30-Year	3.45	CAD/USD 1.30	-0.28

Source: FactSet

Sector - Large Cap

	Close	Wk Net Change	WTD	MTD	QTD	YTD
Defensive						
Staples	768.24	14.50	1.92	1.22	2.43	(4.52)
Health Care	1,517.20	63.26	4.35	4.55	1.53	(7.71)
CommServices	188.14	5.22	2.86	2.00	1.13	(29.66)
Eco Sensitive						
Consumer Disc	1,289.97	68.67	5.62	5.64	19.69	(19.92)
Energy	612.19	3.65	0.60	0.06	12.07	44.82
Industrials	803.00	26.33	3.39	2.51	8.75	(10.27)
Info Tech	2,398.39	75.32	3.24	1.42	7.89	(21.50)
Materials	489.37	23.04	4.94	3.40	5.66	(14.09)
Interest Rate Sensitive						
Financials	569.13	23.88	4.38	3.89	8.75	(12.45)
Utilities	391.06	13.89	3.68	4.02	9.71	7.52
REIT	268.83	10.67	4.13	2.75	5.11	(17.22)

	COMING UP NEXT WEEK	Consensus	Prior
09/13	CPI ex-Food & Energy SA M/M	(Aug) 0.39%	0.30%
09/14	PPI ex-Food & Energy SA M/M	(Aug) 0.30%	0.20%
09/15	Initial Claims SA	09/10 235.5K	222.0K
09/15	Empire State Index SA	(Sep) -5.4	-31.3
09/15	Philadelphia Fed Index SA	(Sep) 2.5	6.2
09/15	Retail Sales SA M/M	(Aug) 0.20%	0.0%
09/15	Capital Utilization NSA	(Aug) 80.3%	80.3%
09/15	Industrial Production SA M/M	(Aug) 0.20%	0.60%
09/16	Michigan Sentiment NSA (Preliminary)	(Sep) 59.3	58.2



Russell Style Return

	WTD	Value	Blend	Growth
Large	3.6%	3.9%	4.1%	
Medium	3.7%	3.9%	4.1%	
Small	3.4%	4.1%	4.7%	

	YTD	Value	Blend	Growth
Large	(7.1%)	(15.3%)	(21.0%)	
Medium	(7.3%)	(14.5%)	(20.9%)	
Small	(10.6%)	(15.4%)	(20.4%)	

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