



### Weekly Recap

The S&P 500 Index ended the week up 3.3% as of Friday's close. The gains were primarily driven by Wednesday's Consumer Price Index report which indicated that inflation may be starting to moderate (see commentary below). The good news was supported by Thursday's release of the Producer Price Index (PPI) which measures prices paid by U.S. suppliers. July producer prices declined by 0.5% from the prior month, the first decline since April of 2020. Since the start of the year, the S&P 500 Index declined about 24% through June, and it has rallied a remarkable 17% since then. Investors are hoping that the slightly receding inflation will encourage the Federal Reserve to moderate its plans to increase interest rates. This in turn would be supportive to stock prices in general. Although prices remain high for housing, rents, food, and many other consumer goods, and although the U.S. economic output has declined for the past two quarters, employment in this country remains extremely strong and could help prevent the decline in consumption which can often lead to a recession. This week, the energy sector has led the way (+7.2%) as it continues to dominate in terms of performance this year. Over the past five days, financials (+5.4%) and materials (+5.1%) have also performed well, while consumer staples stocks (+1.1%) continued to lag. In terms of capitalization, small cap stocks set the pace with gains of 4.8% (mid cap 4.3%, large cap 3.3%), and value stocks across the market continued to outperform their growth counterparts. The U.S. Treasury yield curve shifted up modestly this week.

### Key Thought for The Week

The peak inflation narrative gained additional traction this week as the Consumer Price Index (CPI) report showed that price levels were unchanged in July. This came in below economists' expectations for a month-over-month increase of 0.2%, and consumer prices are now up 8.5% from a year ago, down from +9.1% in June. The downside surprise was largely driven by a 4.6% decline in energy prices. However, if you strip out the volatile food and energy categories, "core" prices increased 0.3% in July, leaving the year-ago comparison unchanged at +5.9%. Although the data came as a relief to investors, there are still persistent inflation pressures within the economy. It will be more important to see where inflation levels reside over the next six months to get a true gauge on how effective the Federal Reserve's efforts have been in combating historically high levels of price increases.

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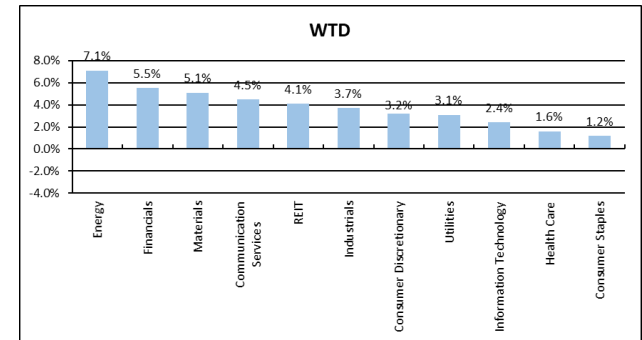
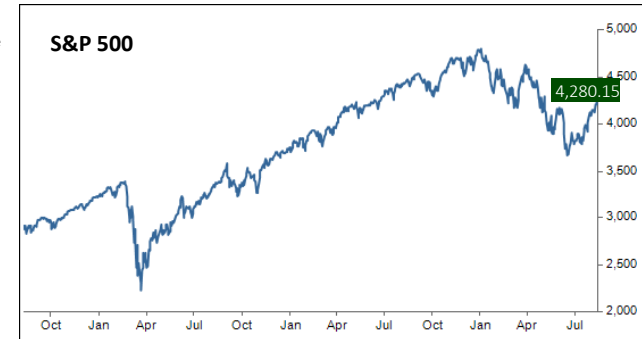
8/12/2022		Wk	Wk		YTD	12 Mos
	Close	Net	%	Div	%	%
		Change	Change	Yield	Change	Change
<b>STOCKS</b>						
DJIA	33,761.05	957.58	2.92	1.97	-7.09	-4.90
S&P 500	4,280.15	134.96	3.26	1.51	-10.20	-4.05
NASDAQ	13,047.19	389.63	3.08	0.77	-16.60	-11.94
S&P MidCap 400	2,615.01	110.73	4.42	1.66	-7.99	-4.47
EAFE	1,970.07	46.00	2.39	3.32	-15.67	-16.62
Emerging Market	1,014.29	11.42	1.14	3.07	-17.67	-21.43

TREASURIES	Yield	FOREX	Price	Wk
				%
				Change
2-Year	3.25	USD/EUR	1.02	0.75
5-Year	2.97	JPY/USD	133.71	1.12
10-Year	2.85	USD/GBP	1.21	0.54
30-Year	3.12	CAD/USD	1.28	1.24

Source: FactSet/Bloomberg

Sector - Large Cap		Wk				
	Close	Net	WTD	MTD	QTD	YTD
		Change				
<b>Defensive</b>						
Staples	783.55	9.2689	1.2%	4.5%	4.5%	(2.6%)
Health Care	1556.18	25.1497	1.6%	4.1%	4.1%	(5.3%)
CommServices	203.52	8.73075	4.5%	9.4%	9.4%	(23.9%)
<b>Eco Sensitive</b>						
Consumer Disc	1338.45	41.9969	3.2%	24.2%	24.2%	(16.9%)
Energy	597.7	39.81896	7.1%	9.4%	9.4%	41.4%
Industrials	843.18	30.36365	3.7%	14.2%	14.2%	(5.8%)
Info Tech	2634.59	62.8175	2.4%	18.5%	18.5%	(13.8%)
Materials	509.91	24.92364	5.1%	10.1%	10.1%	(10.5%)
<b>Interest Rate Sensitive</b>						
Financials	590.24	30.5121	5.5%	12.8%	12.8%	(9.2%)
Utilities	388.62	11.54285	3.1%	9.0%	9.0%	6.8%
REIT	284.97	11.22	4.1%	11.4%	11.4%	(12.3%)

COMING UP NEXT WEEK		Consensus	Prior
08/15 Empire State Index SA	(Aug)	5.0	11.1
08/16 Housing Starts SAAR	(Jul)	1,528K	1,559K
08/16 Industrial Production SA M/M	(Jul)	0.40%	-0.20%
08/17 Retail Sales ex-Auto SA M/M	(Jul)	0.0%	1.0%
08/17 Retail Sales SA M/M	(Jul)	0.20%	1.0%
08/18 Existing Home Sales SAAR	(Jul)	4,850K	5,120K
08/18 Leading Indicators SA M/M	(Jul)	-0.40%	-0.80%



### Russell Style Return

	WTD	Value	Blend	Growth	YTD	Value	Blend	Growth
Large		2.3%	1.6%	0.9%	(6.3%)	(12.4%)	(17.9%)	
Medium		3.0%	2.5%	1.6%	(7.5%)	(11.8%)	(19.8%)	
Small		3.0%	2.8%	2.5%	(6.7%)	(12.0%)	(17.4%)	