

Economic Calendar

Monday, September 5
Labor Day holiday/ All
Markets Closed.

Tuesday, September 6
ISM and S&P Global U.S.
Services Activity PMIs.

Wednesday, September 7
Mortgage Activity, U.S.
Trade Deficit, Fed Beige
Book.

Thursday, September 8
Jobless Claims, Quarterly
Services.

Friday, September 9
Wholesale Inventories,
Wholesale Trade Sales.

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[Mfg. Inflation Sign Eases](#)

[September Historical
Returns](#)

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WEEKLY RECAP

August 29 – September 2, 2022 Recap

Equities Fall Third Week

Good Jobs News is Bad News on Rates

U.S. equities posted a third consecutive weekly loss, their longest since mid-June, after a solid August payrolls report on Friday did little to alter views that Fed policymakers will continue to aggressively raise interest rates to fight inflation. Growth stocks led the decline in all three market cap levels, with the tech-heavy Nasdaq Composite capping its first six-day losing streak since August 2019.

For the Week...

The S&P 500 fell 3.23%, the Dow Jones Industrial Average lost 2.99% and the tech-heavy Nasdaq Composite gave back the most for a third week, down 4.18%. From their respective record-setting peaks, the S&P 500 is now down 17.95% while the Nasdaq has fallen 27.11%.

Productivity Declines

U.S. labor productivity fell 4.1% in the second quarter, coming in slightly better than -4.3% expected and better than the 4.6% decline previously reported. Unit labor costs rose 10.2% in the second quarter (+10.8% previously estimated). Apart from quarter-to-quarter changes that appears to be bottoming, productivity from a year ago is down 2.4%, the largest annualized decline since recordkeeping began in 1948.

Defensive Sectors Fall the Least

All 11 major sector groups posted losses last week, with Utilities (-1.44%), Healthcare (-1.79%) and Consumer Staples (-2.29%) down the least. Technology (-4.97%) fell the most, followed by Materials (-4.85%) and Real Estate (-3.92%). Year-to-date, Energy (+48.14%) and Utilities (+5.85%) are still this year's top gainers.

Treasury Yields Rise

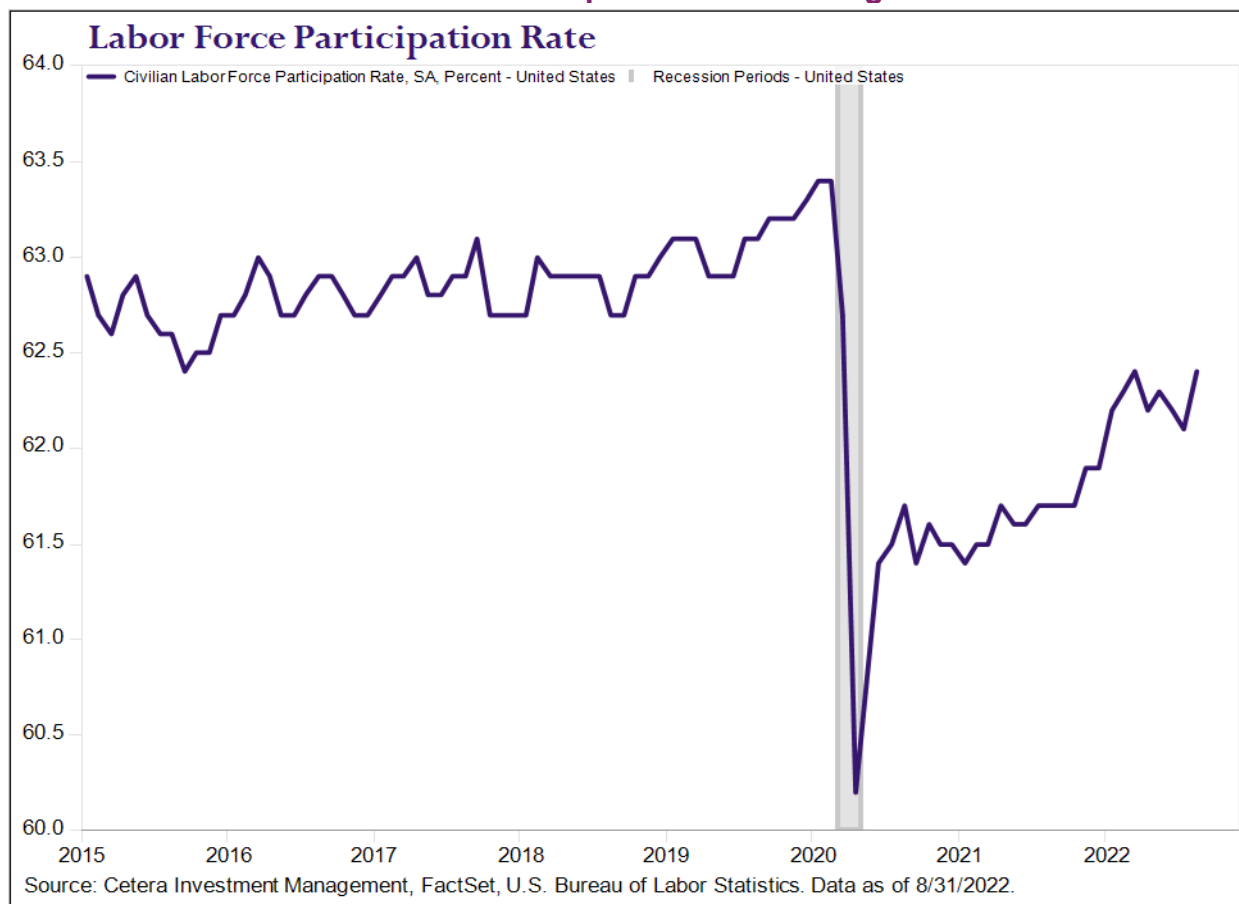
Treasury yields rose yet another week with the 10-year benchmark Treasury yield jumping nearly 16 basis points (+0.16%) to end Friday at 3.196%. The yield on two-year Treasury notes finished at 3.40% but down from a Thursday high of 3.51%. The U.S. Dollar Index gained 0.67% last week, its third straight weekly gain.

Market Watch

Stocks	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Dow Jones Industrial Avg.	-2.99	-0.61	-5.80	-13.81	-11.65	5.85
S&P 500	-3.23	-0.75	-5.65	-16.78	-12.20	12.11
NASDAQ Composite	-4.18	-1.56	-5.38	-25.25	-23.59	14.38
Russell 3000	-3.42	-0.92	-5.58	-17.68	-14.50	11.55
Russell 2000	-4.70	-1.85	-4.29	-18.70	-20.48	7.91
MSCI EAFE	-3.01	-0.83	-9.82	-20.24	-21.49	2.19
MSCI Emerging Markets	-3.41	-2.21	-7.19	-19.31	-23.74	1.99
Bonds	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg US Agg Bonds	-1.02	-0.21	-1.99	-10.94	-11.80	-2.06
Bloomberg Municipal Bonds	-0.87	-0.54	-1.96	-9.12	-9.10	-1.01
Bloomberg US Corp High Yield	-1.80	-0.17	-3.64	-11.37	-10.90	0.97
Commodities	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg Commodity	-4.36	-2.07	-10.52	21.03	24.14	16.33
S&P GSCI Crude Oil	-6.65	-2.99	-25.67	15.50	24.14	16.38
S&P GSCI Gold	-1.55	-0.21	-7.95	-5.80	-4.91	4.04

Source: Morningstar

Chart of the Week: Labor Force Participation Rises in August



The unemployment rate increased from July's level, which matched a 52-year low (3.5%), to a 6-month high of 3.7% in August. The labor market expanded by 315,000 last month, but the unemployment rate increased because of a rise in labor force participation. More people are returning to the labor force. The labor force participation rate is 62.4% and remains below the pre-pandemic level (63.4%).

This report is created by Cetera Investment Management LLC. For more insights and information from the team, follow [@CeteraIM](#) on Twitter.

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Glossary

The **Dow Jones Industrial Average** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ.

The **S&P 500** is an index of 500 stocks chosen for market size, liquidity and industry grouping (among other factors) designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe.

The **NASDAQ Composite Index** includes all domestic and international based common type stocks listed on The NASDAQ Stock Market. The NASDAQ Composite Index is a broad based index

The **Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity universe and is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

The **Russell 3000 Index** measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market.

The **Russell Midcap Index** measures the performance of the mid-cap segment of the U.S. equity universe and is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership.

The **Bloomberg US Aggregate Bond Index**, which was originally called the Lehman Aggregate Bond Index, is a broad based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate debt securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency) debt securities that are rated at least Baa3 by Moody's and BBB- by S&P. Taxable municipals, including Build America bonds and a small amount of foreign bonds traded in U.S. markets are also included. Eligible bonds must have at least one year until final maturity, but in practice the index holdings have a fluctuating average life of around 8.25 years.

The **Bloomberg US Corporate High Yield Index** measures the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below, excluding emerging market debt. Payment-in-kind and bonds with predetermined step-up coupon provisions are also included. Eligible securities must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 6.3 years.

The **Bloomberg US Municipal Bond Index** covers the USD-denominated long-term tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and prerefunded bonds. Eligible securities must be rated investment grade (Baa3/BBB- or higher) by Moody's and S&P and have at least one year until final maturity.

The **MSCI EAFE** Index is designed to measure the equity market performance of developed markets (Europe, Australasia, Far East) excluding the U.S. and Canada. The Index is market-capitalization weighted.

The **MSCI Emerging Markets Index** is designed to measure equity market performance in global emerging markets. It is a float-adjusted market capitalization index.

The **Bloomberg Commodity Index** is a broadly diversified index that measures 22 exchange-traded futures on physical commodities in five groups (energy, agriculture, industrial metals, precious metals, and livestock), which are weighted to account for economic significance and market liquidity. No single commodity can comprise less than 2% or more than 15% of the index; and no group can represent more than 33% of the index.

The **S&P GSCI Crude Oil Index** is a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark for investment performance in the crude oil market.

The **S&P GSCI Gold Index**, a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark tracking the COMEX gold futures market.

The U.S. Dollar Index is a weighted geometric mean that provides a value measure of the United States dollar relative to a basket of major foreign currencies. The index, often carrying a USDX or DXY moniker, started in March 1973, beginning with a value of the U.S. Dollar Index at 100.000.