

# Monthly Market Review

## Risk Assets Still Learning The Ropes As Central Banks Tighten Policy

August 2022

Global Growth Concerns Keep Most Risk Assets From Passing With Flying Colors

### Monthly Highlights

- Federal Reserve Reiterates That Interest Rates Will Be Higher For Longer; Pace Of Quantitative Tightening To Increase In September.
- Headline Inflation (+8.5%) Decelerates As Gasoline Prices Recede From Recent Peak.
- Consumer Sentiment Posts The Largest Monthly Increase Since March 2021.
- Home Price Gains Decelerate To The Slowest Pace Since December Amid Higher Interest Rates.
- China & Euro Zone PMI Manufacturing Remain In Contraction Territory.
- TIPS Post Second Worst Decline Since June 2013.
- The 10-Year/2-Year Subset Of The Yield Curve Remain Inverted For 42 Consecutive Days – The Longest Streak Since March 2007.
- S&P 500 Posts Fifth Monthly Decline For 2022 As Hawkish Fed And Rising Rates Fuel Volatility.
- US Dollar Reaches Parity With The Euro For The First Time In Two Decades.
- Natural Gas Rally (+10.9%) Outweighs Decline In Oil Prices Leading Energy Index Higher
- The National Average Gas Price Falls Over 23% From The June Peak.
- Bloomberg Precious Metals Index Declines For The Fifth Consecutive Month – The Longest Streak Since September 2018.

### Economy | The Fed Reiterates That Taming Inflation Is It's Main 'School Of Thought.'

- The second reading of **2Q22 GDP** was revised higher (-0.6% quarter-over-quarter (QoQ Ann)). While a reduction in inventories still detracted from growth, there was improvement in consumer demand as personal consumption was increased to 1.5%.
- **Real time activity metrics** (e.g., TSA screenings) and **high frequency data** (e.g., withholding taxes) remained near peak levels as the economy continued to reopen and consumers enjoyed summer travel.
- The **Fed's balance sheet** remained near \$8.9 trillion, with the pace of tapering to pick up in September. The futures market had priced in interest rate cuts in 2023, but Chair Powell's rhetoric at the Jackson Hole Symposium erased the expectations for a Fed pivot as he remained firm on the fight against inflation.
- **Russia's** invasion of **Ukraine** extended into a sixth month. Russia's 'weaponization' of energy poses a serious recession risk to energy dependent Europe as policymakers rush to make emergency measures.
- **August ISM Manufacturing** (52.8) was unchanged, remaining in expansion territory (a level above 50). Both the employment subsector (54.2 vs 49.9 in July) and the new orders subsector (51.3 vs 48.0 in July) returned to expansionary territory.
- The unemployment rate (3.6%) remained at a post-pandemic low. The economy added **528k jobs** in July, with the year-to-date total now at +3.3 million.
- **Jobless claims** (~232k) declined for four consecutive weeks to reach the lowest level since June. After declining for three consecutive months, job openings (+11.2 million) rose to the highest level since May.
- The pace of **headline inflation** (+8.5% YoY) eased to the slowest pace since April as gas prices retreated from their recent peak. The pace of **Core CPI** (+5.9%) slowed for the fourth consecutive month. Despite the better-than-expected report, the Fed stated that a consistent trend of deceleration is needed to change its stance.
- **Consumer confidence** (103.2) rose for the first time in four months and posted the largest monthly increase since March 2021. The 'expectations' subsector posted its largest monthly increase since March 2021 as the decline in gasoline prices improved the outlook.
- **Core retail sales** (ex. food, autos, and gas, +0.8% month-over-month (MoM)) were positive for the seventh consecutive month as Amazon Prime Day and other major deal days boosted online spending.
- **Housing data** was negative as new home sales (-12.6%), housing starts (-9.6%), existing home sales (-5.9%), and building permits (-0.6%) all declined. The pace of home prices (June Case Shiller 20-City Composite +18.5% YoY) decelerated for the second consecutive month.
- **China's Manufacturing PMI** (49.4) was in contraction territory (below 50) for the second consecutive month.
- **Euro Zone Manufacturing PMI** (49.6) was in contraction territory for the second consecutive month. Sentiment (97.6) fell to the lowest level since February 2021.

## Fixed Income | Rising Global Yields Keep Most Sectors From ‘Making The Grade.’

- The **Bloomberg US Aggregate Bond Index** (-2.8% MoM) declined for the second time in three months and posted its worst month since April. Yields rose across the globe as economic growth concerns did not stop central banks from maintaining an aggressive stance against inflationary pressures.
- **Emerging market bonds** (-0.5% USD MoM) declined for the seventh time in eight months as rising global interest rates offset a decline in EM spreads (-41 bps).
- **Municipals** (-2.2% MoM) posted their sixth monthly decline for the year. All muni sectors (High Yield, Revenue, and GO) were in negative territory in August.
- **High-yield bonds** (-2.3% MoM) declined for the second time in three months. While spreads contracted 60 basis points at the start of the month, they then rose 75 basis points (net positive 15 basis points for the month) as hawkish rhetoric from the Fed led to increased risk asset volatility.
- **TIPS** (-2.4% MoM) declined for the fifth time in sixth months and posted their second worst monthly decline since June 2013.
- **Treasurys** (-2.5%) declined for the seventh time in nine months. The 10-year Treasury yield rose 49 basis points (to 3.13%) as market expectations for 2023 rate cuts fell sharply after Chairman Powell expressed that the tightening cycle would continue until inflation decelerated consistently.
- **US investment-grade bonds** (-2.9% MoM) declined for the second time over the last three months. All IG sectors were in negative territory.
- **International sovereign bonds** (G7 ex. US -5.8% MoM) declined for the twelfth time in thirteen months and posted their worst month since April as yields moved higher in most developed nations.

## Equities | Resilient Earnings Not Enough To Help US Equities Make The ‘Honor Roll.’

- **Global equities** (MSCI All Country World Index -3.6% USD MoM) declined for the second time in three months. Concerns surrounding global economic activity, rising expectations for the magnitude of future central bank tightening, and persisting global inflation pressures fueled volatility.
- **EM equities** (MSCI EM +0.5% USD MoM) rallied for the first time in three months and outperformed the developed markets (MSCI EAFE -4.7%) for the second time in the last seven months.
- Within EM, **LATAM** (MSCI LATAM +2.8% USD MoM) outperformed **Asia** (MSCI Asia ex JP +0.02% USD MoM) for the third time in four months.
- **US Small-Cap** equities (Russell 2000 -2.0% MoM) declined for the second time in three months but outpaced large cap for the third consecutive month.
- **Japanese equities** (MSCI Japan -2.5% USD MoM) declined for the second time in three months but outperformed global equities for the third time over the last four months.
- **US Large-Cap** equities (S&P 500 -4.1% MoM) declined for the fifth month this year. A resilient, better than feared 2Q22 earnings season helped the S&P 500 rally over 17% from the mid-June low, but concerns that the Fed would be more aggressive for longer fueled volatility in the last portion of the month.
- 9 of the 11 **S&P 500 sectors** were negative, with only Energy (+2.8%) and Utilities (+0.5%) in positive territory. Info tech (-6.1%) was the worst performer.
- **European equities** (MSCI Europe ex UK -6.4% USD MoM) declined for the sixth time in eight months and underperformed global equities for the third straight month and by the widest margin since October 2020 due to a weaker economy and euro.

## Commodities | Demand Concerns Cause Select Sectors To ‘Fall Behind.’

- The **Bloomberg Commodity Index** (-0.2% MoM) declined for only the second time in nine months, but there was dispersion beneath the surface. Europe’s energy crisis continued to lift natural gas prices and droughts across the globe elevated grain prices, but economic growth concerns weighed on more sensitive sectors such as industrial metals.
- The **US Dollar Index** (+2.6% MoM) rallied for the seventh time in eight months as relative strength in the US economy led the dollar to its highest level since June 2002. The dollar also reached parity with the euro for the first time in two decades.
- The **Bloomberg Softs Index** (+8.1% MoM) rallied for the first time in three months due to strength in coffee (+12.1%) and sugar (+2.0%) prices.
- The **Bloomberg Grains Index** (+2.5% MoM) rallied for the first time in four months due to strength in corn (+8.0%) and wheat (+2.9%) prices.
- **Bloomberg Energy Index** (+0.7% MoM) rallied for the eighth time in nine months due to soaring natural gas prices (+10.9%) as Russia reduced capacity and EU nations discussed emergency plans ahead of the winter months. The rally was limited by a decline in crude oil prices (-9.2%), which declined below \$90 per barrel and helped the US national average gas price fall ~9% over the course of the month.
- The **Bloomberg Industrial Metals Index** (-2.9% USD MoM) declined for the fourth time in five months due to weakness in nickel (-6.9%), aluminum (-3.3%), and copper (-1.5%) prices.
- The **Bloomberg Precious Metals Index** (-5.1% MoM) declined for the fifth straight month – the longest streak since September 2018 – due to weakness in both silver (-11.5%) and gold (-3.1%) prices.

Figure 1: Headline Inflation Eases To Slowest Pace Since April

The pace of headline inflation (+8.5%) eased to the slowest pace since April as gasoline prices retreated from their recent peak.



Figure 2: Cyclical Sectors Lead The Rally

9 of the 11 S&P 500 sectors were negative for the month, with only the Energy (+2.8%) and Utilities (+0.5%) sectors in positive territory.

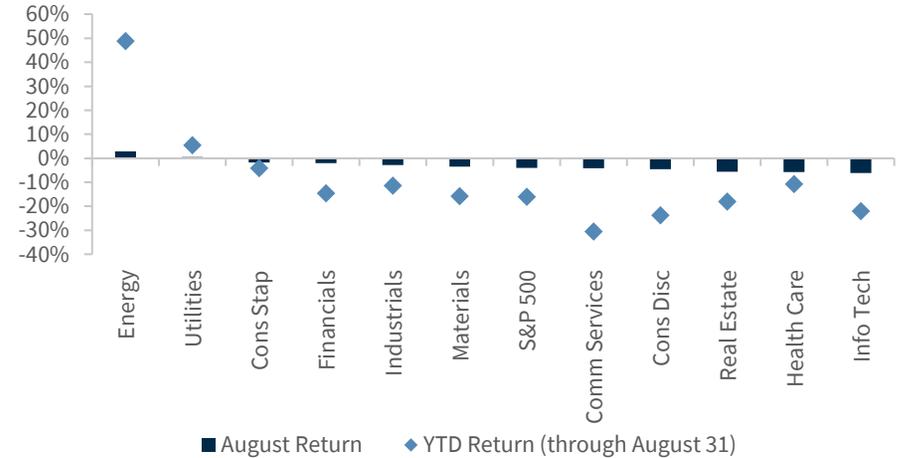


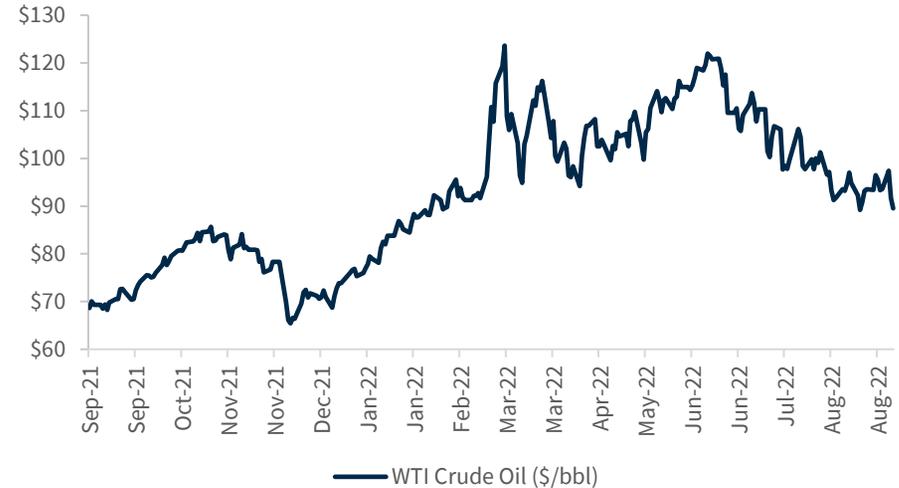
Figure 3: 10-Year/2-Year Subset Of The Yield Curve Remains Inverted

The 10-year/2-year subset of the yield curve has been inverted for 42 consecutive days – the longest streak since March 2007. The inversion is also the deepest since September 2000.



Figure 4: WTI Crude Oil Breaks Below \$90 Per Barrel

Crude oil prices fell 9.2% in August. The continued decline in oil prices and the subsequent drop in gasoline prices at the pump have benefitted consumer sentiment.



**Fixed Income | Sovereign Bond Yields On The Rise**

|                     | August | YTD    | 1 Year | 3 Year | 5 Year | 10 Year |
|---------------------|--------|--------|--------|--------|--------|---------|
| EM Bonds            | -0.5%  | -15.8% | -17.7% | -3.4%  | -0.4%  | 2.1%    |
| Municipals          | -2.2%  | -8.6%  | -8.6%  | -0.8%  | 1.3%   | 2.3%    |
| High Yield          | -2.3%  | -11.2% | -10.6% | 1.0%   | 2.6%   | 4.5%    |
| TIPS                | -2.4%  | -4.0%  | -3.0%  | 3.3%   | 3.2%   | 1.7%    |
| Treasuries          | -2.5%  | -10.0% | -10.8% | -2.2%  | 0.3%   | 0.8%    |
| US Aggregate        | -2.8%  | -10.8% | -11.5% | -2.0%  | 0.5%   | 1.4%    |
| US Investment Grade | -2.9%  | -14.2% | -14.9% | -2.1%  | 1.0%   | 2.3%    |
| International Bonds | -5.8%  | -21.8% | -25.5% | -9.1%  | -4.4%  | -2.9%   |

**Commodities & FX | Rising Natural Gas Prices Boost Energy Sector**

|                       | August | YTD    | 1 Year | 3 Year | 5 Year | 10 Year |
|-----------------------|--------|--------|--------|--------|--------|---------|
| US Dollar Index       | 2.6%   | 13.3%  | 17.4%  | 3.2%   | 3.2%   | 3.0%    |
| BBG Energy Index      | 0.7%   | 78.3%  | 81.5%  | 18.1%  | 10.2%  | -5.0%   |
| BBG Commodity Index   | -0.2%  | 22.7%  | 26.7%  | 16.5%  | 7.5%   | -1.8%   |
| Copper                | -1.5%  | -21.2% | -19.6% | 11.3%  | 2.6%   | 0.2%    |
| BBG Industrial Metals | -2.9%  | -11.3% | -5.7%  | 10.1%  | 3.3%   | 0.6%    |
| Gold                  | -3.1%  | -5.6%  | -5.1%  | 4.1%   | 5.5%   | 0.2%    |
| BBG Precious Metals   | -5.1%  | -11.5% | -11.8% | 0.8%   | 1.8%   | -2.8%   |
| Crude Oil (WTI)       | -9.2%  | 19.1%  | 30.7%  | 17.6%  | 13.7%  | -0.7%   |

**S&P 500 Sectors | Risks To Global Economy Weigh On Broader Market**

|               | August | YTD    | 1 Year | 3 Year | 5 Year | 10 Year |
|---------------|--------|--------|--------|--------|--------|---------|
| Energy        | 2.8%   | 48.7%  | 75.8%  | 18.6%  | 10.2%  | 4.9%    |
| Utilities     | 0.5%   | 5.5%   | 11.7%  | 9.4%   | 9.8%   | 11.3%   |
| Cons Stap     | -1.8%  | -4.2%  | 4.1%   | 9.8%   | 9.2%   | 10.6%   |
| Financials    | -2.0%  | -14.6% | -12.4% | 9.4%   | 8.3%   | 12.7%   |
| Industrials   | -2.8%  | -11.4% | -9.7%  | 9.0%   | 8.1%   | 11.8%   |
| Materials     | -3.5%  | -15.9% | -10.1% | 12.4%  | 8.7%   | 10.0%   |
| Comm Services | -4.2%  | -30.6% | -35.2% | 4.5%   | 5.4%   | 5.5%    |
| Cons Disc     | -4.6%  | -23.8% | -16.2% | 10.0%  | 12.6%  | 14.5%   |
| Real Estate   | -5.6%  | -18.1% | -9.7%  | 5.6%   | 8.5%   | 9.2%    |
| Health Care   | -5.8%  | -10.8% | -6.3%  | 13.4%  | 11.0%  | 14.4%   |
| Info Tech     | -6.1%  | -22.1% | -14.3% | 20.5%  | 19.9%  | 18.7%   |

**Equities | Small Cap Growth Outperforms Large Cap Growth**

|                       | August | YTD    | 1 Year | 3 Year | 5 Year | 10 Year |
|-----------------------|--------|--------|--------|--------|--------|---------|
| Russell 2000 Growth   | -0.9%  | -22.3% | -25.3% | 5.9%   | 6.7%   | 10.2%   |
| Russell 2000          | -2.0%  | -17.2% | -17.9% | 8.6%   | 6.9%   | 10.0%   |
| Russell 1000 Value    | -3.0%  | -9.8%  | -6.2%  | 8.9%   | 7.9%   | 10.5%   |
| Russell 2000 Value    | -3.2%  | -12.2% | -10.2% | 10.4%  | 6.6%   | 9.5%    |
| Russell 1000          | -3.8%  | -16.9% | -13.0% | 12.1%  | 11.6%  | 13.0%   |
| DJ Industrial Average | -4.1%  | -13.3% | -10.9% | 6.1%   | 7.5%   | 9.2%    |
| S&P 500               | -4.1%  | -16.1% | -11.2% | 12.4%  | 11.8%  | 13.1%   |
| Russell 1000 Growth   | -4.7%  | -23.2% | -19.1% | 14.5%  | 14.8%  | 15.1%   |

**International Equities (in USD) | EM Equities Outperform Developed Markets**

|                   | August | YTD    | 1 Year | 3 Year | 5 Year | 10 Year |
|-------------------|--------|--------|--------|--------|--------|---------|
| MSCI LATAM        | 2.8%   | 6.8%   | -6.6%  | -1.1%  | -1.3%  | -1.3%   |
| MSCI EM           | 0.5%   | -17.2% | -21.5% | 3.1%   | 1.0%   | 3.3%    |
| MSCI Asia ex JP   | 0.0%   | -17.1% | -21.5% | 4.1%   | 1.8%   | 5.5%    |
| MSCI Japan        | -2.5%  | -17.7% | -18.7% | 2.7%   | 2.3%   | 6.6%    |
| MSCI AC World     | -3.6%  | -17.5% | -15.5% | 8.5%   | 7.5%   | 9.3%    |
| MSCI EAFE         | -4.7%  | -19.2% | -19.4% | 2.9%   | 2.1%   | 5.5%    |
| MSCI UK           | -5.6%  | -10.8% | -7.6%  | 2.8%   | 1.5%   | 3.1%    |
| MSCI Europe ex UK | -6.4%  | -24.7% | -24.7% | 2.8%   | 1.9%   | 6.3%    |

**Key Asset Class Levels**

|                            | August | Start of Year | 1 Year | 3 Year | 5 Year | 10 Year |
|----------------------------|--------|---------------|--------|--------|--------|---------|
| S&P 500                    | 3,955  | 4,766         | 4,523  | 2,926  | 2,472  | 1,407   |
| DJIA                       | 31,510 | 36,338        | 35,361 | 26,403 | 21,948 | 13,091  |
| MSCI AC World              | 613    | 755           | 741    | 511    | 478    | 322     |
| S&P 500 Dividend Yield     | 1.70   | 1.34          | 1.38   | 2.05   | 2.09   | 2.37    |
| 1-3M T-Bills (Cash, in %)  | 2.57   | 0.04          | 0.04   | 2.00   | 1.03   | 0.08    |
| 2YR Treasury Yield (in %)  | 3.47   | 0.73          | 0.21   | 1.51   | 1.33   | 0.23    |
| 10YR Treasury Yield (in %) | 3.16   | 1.50          | 1.31   | 1.51   | 2.12   | 1.56    |
| 30Yr Treasury Yield (in %) | 3.27   | 1.89          | 1.92   | 1.97   | 2.72   | 2.68    |
| EURUSD                     | 1.01   | 1.14          | 1.18   | 1.10   | 1.19   | 1.26    |
| Crude Oil - WTI (\$/bbl)   | 87     | 75            | 69     | 55     | 47     | 96      |
| Gold (\$/oz)               | 1706   | 1829          | 1818   | 1529   | 1322   | 1688    |

## DISCLOSURES

**INTERNATIONAL INVESTING** | International investing involves additional risks such as currency fluctuations, differing financial accounting standards, and possible political and economic instability. These risks are greater in emerging markets.

**SECTORS** | Sector investments are companies engaged in business related to a specific economic sector and are presented herein for illustrative purposes only and should not be considered as the sole basis for an investment decision. Sectors are subject to fierce competition and their products and services may be subject to rapid obsolescence. There are additional risks associated with investing in an individual sector, including limited diversification.

**OIL** | Investing in oil involves special risks, including the potential adverse effects of state and federal regulation and may not be suitable for all investors.

**CURRENCIES** | Currency investing is generally considered speculative because of the significant potential for investment loss. These markets are likely to be volatile and there may be sharp price fluctuations even during periods when prices overall are rising.

**GOLD** | Gold is subject to the special risks associated with investing in precious metals, including but not limited to: price may be subject to wide fluctuation; the market is relatively limited; the sources are concentrated in countries that have the potential for instability; and the market is unregulated.

**FIXED INCOME** | Fixed-income securities (or “bonds”) are exposed to various risks including but not limited to credit (risk of default of principal and interest payments), market and liquidity, interest rate, reinvestment, legislative (changes to the tax code), and call risks. There is an inverse relationship between interest rate movements and fixed income prices. Generally, when interest rates rise, fixed income prices fall and when interest rates fall, fixed income prices generally rise.

**US TREASURYS** | US Treasury securities are guaranteed by the US government and, if held to maturity, generally offer a fixed rate of return and guaranteed principal value.

**HIGH YIELD SECURITIES** | High yield securities involve additional risks and are not appropriate for all investors.

**SMALL-CAP STOCKS** | Small-cap stocks involve greater risks and are not suitable for all investors.

## DOMESTIC EQUITY DEFINITION

**LARGE GROWTH | Russell 1000 Growth Total Return Index:** This index represents a segment of the Russell 1000 Index with a greater-than-average growth orientation. Companies in this index have higher price-to-book and price-earnings ratios, lower dividend yields and higher forecasted growth values. This index includes the effects of reinvested dividends.

**SMALL GROWTH | Russell 2000 Growth Total Return Index:** This index represents a segment of the Russell 2000 Index with a greater-than-average growth orientation. The combined market capitalization of the Russell 2000 Growth and Value Indices will add up to the total market cap of the Russell 2000.

**LARGE BLEND | Russell 1000 Total Return Index:** This index represents the 1000 largest companies in the Russell 3000 Index. This index is highly correlated with the S&P 500 Index. This index includes the effects of reinvested dividends.

**SMALL BLEND | Russell 2000 Total Return Index:** This index covers 2000 of the smallest companies in the Russell 3000 Index, which ranks the 3000 largest US companies by market capitalization. The Russell 2000 represents approximately 10% of the Russell 3000 total market capitalization. This index includes the effects of reinvested dividends.

**LARGE VALUE | Russell 1000 Value Total Return Index:** This index represents a segment of the Russell 1000 Index with a less-than-average growth orientation. Companies in this index have low price-to-book and price-earnings ratios, higher dividend yields and lower forecasted growth values. This index includes the effects of reinvested dividends.

**SMALL VALUE | Russell 2000 Value Total Return Index:** This index represents a segment of the Russell 2000 Index with a less-than-average growth orientation. The combined market capitalization of the Russell 2000 Growth and Value Indices will add up to the total market cap of the Russell 2000. This index includes the effects of reinvested dividends.

## FIXED INCOME DEFINITION

**AGGREGATE BOND | Bloomberg US Agg Bond Total Return Index:** The index is a measure of the investment grade, fixed-rate, taxable bond market of roughly 6,000 SEC-registered securities with intermediate maturities averaging approximately 10 years. The index includes bonds from the Treasury, Government-Related, Corporate, MBS, ABS, and CMBS sectors.

**MUNICIPAL | Bloomberg Municipal Total Return Index:** The index is a measure of the long-term tax-exempt bond market with securities of investment grade (rated at least Baa by Moody's Investors Service and BBB by Standard and Poor's). This index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and prerefunded bonds.

## US INDEXES AND EQUITY SECTORS DEFINITION

**DOW JONES INDUSTRIAL AVERAGE (DJIA) |** The **Dow Jones Industrial Average (DJIA)** is an index that tracks 30 large, publicly-owned companies trading on the New York Stock Exchange (NYSE) and the NASDAQ.

**S&P 500 |** The **S&P 500 Total Return Index:** The index is widely regarded as the best single gauge of large-cap U.S. equities. There is over USD 7.8 trillion benchmarked to the index, with index assets comprising approximately USD 2.2 trillion of this total. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

## INTERNATIONAL EQUITY DEFINITION

**EMERGING MARKETS EASTERN EUROPE | MSCI EM Eastern Europe Net Return Index:** The index captures large- and mid-cap representation across four Emerging Markets (EM) countries in Eastern Europe. With 50 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

**EMERGING MARKETS ASIA | MSCI EM Asia Net Return Index:** The index captures large- and mid-cap representation across eight Emerging Markets countries. With 554 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

**EMERGING MARKETS LATIN AMERICA | MSCI EM Latin America Net Return Index:** The index captures large- and mid-cap representation across five Emerging Markets (EM) countries in Latin America. With 116 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

**EMERGING MARKETS | MSCI Emerging Markets Net Return Index:** This index consists of 23 countries representing 10% of world market capitalization. The index is available for a number of regions, market segments/sizes and covers approximately 85% of the free float-adjusted market capitalization in each of the 23 countries.

**PACIFIC EX-JAPAN | MSCI Pacific Ex Japan Net Return Index:** The index captures large- and mid-cap representation across four of 5 Developed Markets (DM) countries in the Pacific region (excluding Japan). With 150 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

**JAPAN | MSCI Japan Net Return Index:** The index is designed to measure the performance of the large and mid cap segments of the Japanese market. With 319 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Japan.

**FOREIGN DEVELOPED MARKETS | MSCI EAFE Net Return Index:** This index is designed to represent the performance of large and mid-cap securities across 21 developed markets, including countries in Europe, Australasia and the Far East, excluding the U.S. and Canada. The index is available for a number of regions, market segments/sizes and covers approximately 85% of the free float-adjusted market capitalization in each of the 21 countries.

**EUROPE EX UK | MSCI Europe Ex UK Net Return Index:** The index captures large and mid cap representation across 14 Developed Markets (DM) countries in Europe. With 337 constituents, the index covers approximately 85% of the free float-adjusted market capitalization across European Developed Markets excluding the UK.

**MSCI EAFE |** The **MSCI EAFE** (Europe, Australasia, and Far East) is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the United States & Canada. The EAFE consists of the country indices of 22 developed nations.

## COMMODITY DEFINITIONS

**US DOLLAR INDEX** | The US dollar index (USDX) is a measure of the value of the US dollar relative to the value of a basket of currencies of the majority of the US's most significant trading partners. This index is similar to other trade-weighted indexes, which also use the exchange rates from the same major currencies.

**BLOOMBERG COMMODITY INDEX** | Bloomberg Commodity Index is a commodity group sub index of the Bloomberg CITR. The index is composed of futures contracts on crude oil, heating oil, unleaded gasoline and natural gas. It reflects the return on fully collateralized futures positions and is quoted in USD.

**BLOOMBERG INDUSTRIAL METALS INDEX** | Bloomberg Industrial Metals Index is composed of futures contracts on aluminum, copper, nickel and zinc. It reflects the return of underlying commodity futures price movements only. It is quoted in USD.

**BLOOMBERG SOFTS INDEX** | Bloomberg Softs Index is a commodity group sub index of the Bloomberg CI. It is composed of futures contracts on coffee, cotton and sugar. It reflects the return of underlying commodity futures price movements only and is quoted in USD.

**BLOOMBERG PRECIOUS METALS INDEX** | Bloomberg Precious Metals index is a commodity group sub index of the Bloomberg CI. It is composed of futures contracts on gold and silver. It reflects the return of underlying commodity futures price movements only and is quoted in USD.

**BLOOMBERG GRAINS INDEX** | Bloomberg Grains Index is a commodity group subindex of the Bloomberg CI. It is composed of futures contracts on corn, soybeans and wheat. It reflects the return of underlying commodity futures price movements only and is quoted in USD.

**FOREX SPOT RATE** | The forex spot rate is the current exchange rate at which a currency pair can be bought or sold. It is the prevailing quote for any given currency pair from a forex broker.

## INTERNATIONAL DISCLOSURES

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## DATA SOURCES:

FactSet, as of 8/31/2022

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