

CPWM's Weekly Market Monitor is designed to provide a summary of recent market commentary and statistics.

MARKET COMMENTARY

- The S&P 500 sustained substantial losses last week and entered bear market territory on the heels of last week's surprise CPI print, fueled by fears that accelerating rate increases by the Federal Reserve will lead to an end to economic expansion.
- The benchmark index was down 5.4% in the latest week at 3,691.28 from last week's close of 3,900.86, making this the 10th time in 11 weeks that the index has closed in the red and the third consecutive negative close. It was the steepest weekly drop in the index since March 2020.
- Every sector suffered losses with the energy sector taking the brunt of last week's swoon. The risk of a recession and demand destruction for fuel drove the sector 17% lower. The pressure on the sector was exacerbated by efforts by the White House to reign in profits generated by oil companies. Every name in the sector ended the week in the red led by oil services provider Schlumberger (SLB) and Coterra Energy (CTRA) both of which lost almost 23% in value in just last week alone.
- Recession-resistant consumer staples were largely insulated from the worst of last week's carnage but still lost a collective 4.3%. The only stock in this sector to close in the plus column was Monster (MNST) which was underpinned by its board's approval of a share buyback and a price hike in its signature brand, Red Bull.
- The healthcare sector was lower by 4.5% with bellwethers Johnson & Johnson (JNJ) and Cigna (CI) lower as investors take a risk-off approach. Shares of HCA Healthcare (HCA) fell to their lowest level since February 2021 after abandoning its merger with Steward Health. With a loss of 12%, it was among the worst-performing stocks in the healthcare sector.
- Faced with diminished demand for loans due to higher interest rates, the financial sector fell by more than 4.9%. The stock finishing the week with the biggest loss was Signature Bank (SBNY -14%). With a heavy exposure to free-falling cryptocurrencies, the stock has already lost more than half of its value in 2022.
- Industrials were down 5.8%, led by losses in airline stocks amid worries that a recession will choke off spending on travel and entertainment. American Airlines (AAL), Delta (DAL) and United Airlines (UAL) were all lower for a third consecutive week with losses of more than 13%.
- Reporting its strongest revenue increase in more than 10 years, Oracle (ORCL) closed with a gain of 0.9% last week, the only stock in the technology sector that closed in the green. With the remaining stocks all in the red, the tech sector shed 5%.
- Of the remaining sectors, the communication sector was down 4.6%, real estate stocks were down a collective 5.4%, consumer discretionary stocks were down 5.5%, while materials and utilities were lower by 8.3% and 10.8%, respectively.
- The headline event last week was the Federal Reserve Open Market Committee meeting in which the Fed delivered its largest rate increase since 1994 in an effort to tame red-hot inflation. The aggressive move came despite signs that the economy is beginning to cool with retail sales contracting in May, and the National Association of Home Builders housing market index dropping to its lowest level in two years amid higher mortgage rates and diminished home affordability.
- Next week's holiday-shortened week includes data on existing home sales, new home sales, the Chicago Fed index, and manufacturing and services PMIs for June. Additionally, Fed chair Jerome Powell will deliver his semi-annual monetary policy testimony before the House and Senate banking committees. Given the events of the past week, Powell will undoubtedly be grilled by Congress on his plans to navigate the economy to a soft-landing while at the same time driving down the highest inflation the country has seen in more than 40 years.

ASSET CLASS / BENCHMARK	1 WEEK	1 MONTH	YTD	1 YEAR
Investment Grade Fixed Income				
iShares Short-Term National AMT-Free Muni Bond ETF	(0.4)	0.8	(2.7)	(2.7)
iShares National AMT-Free Muni Bond ETF	(1.1)	0.8	(8.7)	(8.6)
iShares Core US Aggregate Bond ETF	(0.9)	(1.6)	(11.3)	(11.2)
Global Equity				
iShares MSCI ACWI	(5.4)	(8.8)	(21.8)	(16.8)
U.S. Equity				
iShares Core S&P 500 ETF	(5.8)	(10.0)	(22.4)	(11.8)
iShares Russell Mid Cap ETF	(7.4)	(10.8)	(23.5)	(17.9)
iShares Russell 2000 ETF	(7.5)	(9.3)	(25.4)	(26.5)
iShares Core U.S. Value ETF	(6.6)	(10.0)	(14.2)	(7.2)
iShares Core U.S. Growth ETF	(5.1)	(9.9)	(29.5)	(16.8)
Foreign Equity				
iShares MSCI EAFE ETF	(5.0)	(8.0)	(20.1)	(20.0)
iShares MSCI EAFE Small Cap ETF	(4.9)	(8.5)	(24.2)	(24.2)
iShares MSCI EAFE Value ETF	(4.8)	(7.2)	(11.4)	(13.8)
iShares MSCI EAFE Growth ETF	(5.1)	(8.8)	(28.5)	(26.5)
Emerging Markets Equity				
iShares MSCI Emerging Markets ETF	(3.5)	(3.2)	(18.1)	(25.6)
iShares MSCI Emerging Markets Small Cap ETF	(4.7)	(6.3)	(19.1)	(19.2)
"Other" Asset Classes				
iShares U.S. Real Estate ETF	(5.2)	(9.5)	(23.9)	(13.1)
iShares International Developed Real Estate ETF	(4.4)	(8.5)	(20.1)	(21.9)
SPDR Barclays High Yield Bond ETF	(2.0)	(3.0)	(13.9)	(12.4)
iShares S&P GSCI Commodity Indexed Trust	(5.8)	0.2	43.2	58.9

IMPORTANT NOTES

ALL COMMENTARY SOURCED FROM YCHARTS WEEKLY MARKET PULSE AND ARE TO BE USED FOR INFORMATIONAL PURPOSES ONLY.

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MARKET-RELATED DATA INCLUDED IN CHARTS AND GRAPHS IS SOURCED FROM YCHARTS.

ALL RETURNS REFERENCED ARE EXCHANGE TRADED FUNDS (ETFs) DESIGNED TO TRACK A PARTICULAR INDEX OR BENCHMARK. THERE CAN BE NO GUARANTEE THE ETFs ACHIEVE THEIR OBJECTIVE. BENCHMARK DESCRIPTIONS PROVIDED BELOW.

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EXCHANGE TRADED FUND DESCRIPTIONS:

- THE ISHARES SHORT-TERM NATIONAL AMT-FREE MUNI BOND ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF INVESTMENT-GRADE U.S. MUNICIPAL BONDS WITH REMAINING MATURITIES BETWEEN ONE MONTH AND FIVE YEARS.
- THE ISHARES NATIONAL AMT-FREE MUNI BOND ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF INVESTMENT-GRADE U.S. MUNICIPAL BONDS.
- THE ISHARES CORE U.S. AGGREGATE BOND ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF THE TOTAL U.S. INVESTMENT-GRADE BOND MARKET.
- THE ISHARES MSCI ACWI ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF LARGE AND MID-CAPITALIZATION DEVELOPED AND EMERGING MARKET EQUITIES.
- THE ISHARES CORE S&P 500 ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF LARGE-CAPITALIZATION U.S. EQUITIES.
- THE ISHARES RUSSELL MID-CAP ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF MID-CAPITALIZATION U.S. EQUITIES.
- THE ISHARES RUSSELL 2000 ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF SMALL-CAPITALIZATION U.S. EQUITIES.
- THE ISHARES CORE U.S. VALUE ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF A BROAD-BASED INDEX COMPOSED OF U.S. EQUITIES THAT EXHIBIT VALUE CHARACTERISTICS.
- THE ISHARES CORE U.S. GROWTH ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF A BROAD-BASED INDEX COMPOSED OF U.S. EQUITIES THAT EXHIBIT GROWTH CHARACTERISTICS.
- THE ISHARES MSCI EAFE ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF LARGE-, MID- AND SMALL-CAPITALIZATION DEVELOPED MARKET EQUITIES, EXCLUDING THE U.S. AND CANADA.
- THE ISHARES MSCI EAFE SMALL CAP ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF SMALL-CAPITALIZATION DEVELOPED MARKET EQUITIES, EXCLUDING THE U.S. AND CANADA.
- THE ISHARES MSCI EAFE VALUE ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF DEVELOPED MARKET EQUITIES, EXCLUDING THE U.S. AND CANADA, THAT EXHIBIT VALUE CHARACTERISTICS.
- THE ISHARES MSCI EAFE GROWTH ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF DEVELOPED MARKET EQUITIES, EXCLUDING THE U.S. AND CANADA, THAT EXHIBIT GROWTH CHARACTERISTICS.
- THE ISHARES MSCI EMERGING MARKETS ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF LARGE- AND MID-CAPITALIZATION EMERGING MARKET EQUITIES.
- THE ISHARES MSCI EMERGING MARKETS SMALL CAP ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF SMALL-CAPITALIZATION EMERGING MARKET EQUITIES.
- THE ISHARES U.S. REAL ESTATE ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF U.S. EQUITIES IN THE REAL ESTATE SECTOR.
- THE ISHARES INTERNATIONAL DEVELOPED REAL ESTATE ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF REAL ESTATE EQUITIES IN DEVELOPED NON-U.S. MARKETS.
- THE SPDR® BARCLAYS HIGH YIELD BOND ETF SEEKS TO PROVIDE INVESTMENT RESULTS THAT, BEFORE FEES AND EXPENSES, CORRESPOND GENERALLY TO THE PRICE AND YIELD PERFORMANCE OF THE BARCLAYS HIGH YIELD VERY LIQUID INDEX.
- THE ISHARES S&P GSCI COMMODITY INDEXED TRUST SEEKS TO TRACK THE RESULTS OF A FULLY COLLATERALIZED INVESTMENT IN FUTURES CONTRACTS ON AN INDEX COMPOSED OF A DIVERSIFIED GROUP OF COMMODITIES FUTURES.