



Equities

U.S. stocks oscillated as earnings reports continued to roll in. While Q2 results have been generally solid, guidance for 2023 has softened and forward EPS estimates have finally begun to fall – especially outside the energy sector. Growth stocks outperformed for much of the week, extending a 5-week run during which the Nasdaq 100 has beaten the S&P 500 by about 500 bps. Friday's jobs data dealt a blow to that narrative, however, with higher rates supporting cyclicals. With indexes rising and earnings forecasts moderating, the S&P 500 P/E multiple equaled a 3-month high of 17.5x. Stocks in EM and Europe returned 0.91% and -0.87%.

Fixed income

Hawkish Fed comments on Tuesday reignited the possibility of a 75bps hike in September and pushing back against market expectations of rate cuts in 2023. Yield curve inversion continued to deepen and the 2-10 yield spread ended at -40 bps, a two-decade low. In credit, HY bond yields collapsed, and spreads continued to tighten, supported by positive equity market performance.

Commodities

WTI crude prices fell below \$90/bbl for the first time since Russia's invasion despite OPEC+ announcing only a trivial output hike, as gasoline demand data showed an unexpected softening. U.S. gasoline prices have declined for nearly 2 consecutive months, aided by both lower crude prices and tighter crack spreads (refinery margins). European natural gas sits near all-time highs amid curtailed Russian supply and sweltering heat.

Economic overview

Job growth surged 528,000 in July, over twice the expected gain, with broad-based job gains. The unemployment rate fell to 3.5% and average hourly earnings jumped 0.5% m/m (Cons 0.3%), all reinforcing the health of the labor market. Other data were also solid. The ISM manufacturing survey beat expectations in July at 52.8 while the services survey was 56.7, a solid bounce from the prior month. Factory orders for June also surprised to the upside with a 2.0% gain (Cons 1.2%) that reflects business investment spending. This week's CPI data will be critical for Fed rate expectations. The consensus expects a 0.2% m/m gain in July, and 0.5% ex food and energy. Peak CPI may not mean a fast descent, however, and rent inflation in particular will be in focus.

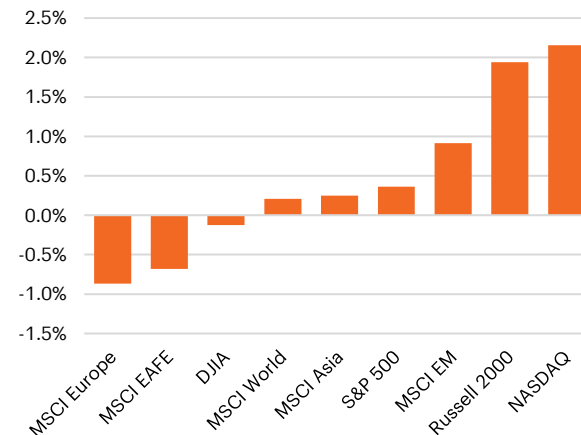
Equities (price index)		MTD	QTD	YTD	2021
S&P 500	4,145.19	9.51%	9.51%	-13.03%	26.89%
DJIA	32,803.47	6.59%	6.59%	-9.73%	18.73%
NASDAQ	12,657.55	14.77%	14.77%	-19.10%	21.39%
Russell 2000	1,921.82	12.52%	12.52%	-14.41%	13.70%
MSCI World	2,752.06	8.09%	8.09%	-14.84%	20.14%
MSCI Europe	1,690.77	3.96%	3.96%	-19.23%	13.75%
MSCI EAFE	1,924.07	4.21%	4.21%	-17.64%	8.78%
MSCI Asia	160.74	1.73%	1.73%	-16.77%	-3.40%
MSCI EM	1,002.87	0.22%	0.22%	-18.60%	-4.59%
VIX	21.15	-7.56	-7.56	3.93	(5.53)

Fixed income (total return index)		MTD	QTD	YTD	2021
Barclays U.S. Agg	2,140.55	1.38%	1.38%	-9.11%	-1.54%
Inv. grade bonds	3,086.54	2.32%	2.32%	-12.40%	-1.04%
High yield bonds	2,251.50	6.60%	6.60%	-8.53%	5.28%
Leveraged Loans	3,257.59	2.94%	2.94%	-1.75%	5.20%

Alternatives (total return index)		MTD	QTD	YTD	2021
FTSE NAREIT	24,697.62	6.75%	6.75%	-13.72%	41.30%
REIT Index					
GS Commodity Index	649.27	-8.45%	-8.45%	15.70%	37.05%
Alerian MLP Index	1,371.68	9.48%	9.48%	20.47%	40.17%
HFRX Global*	1,368.64	0.74%	0.74%	-4.35%	3.65%

*1-day lag

Last week's equity returns



Commodities		MTD	QTD	YTD	2021
WTI Crude	\$89.01	-15.84%	-15.84%	18.35%	55.01%
Brent Crude	\$94.92	-17.32%	-17.32%	22.04%	50.15%
Natural Gas	\$8.06	48.67%	48.67%	116.19%	46.91%
Gold	\$1,773	-1.90%	-1.90%	-3.05%	-3.51%

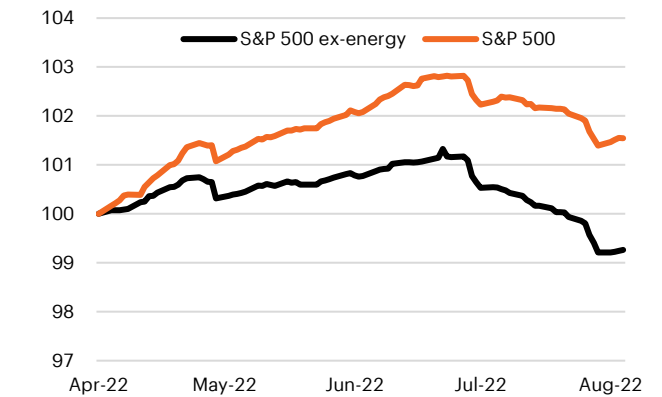
Currency		MTD	QTD	YTD	2021
Dollar Index (DXY)	106.62	1.85%	1.85%	11.45%	6.37%
USDCNY	6.76	0.93%	0.93%	6.38%	-2.62%
Bitcoin	22,985	22.71%	22.71%	-50.39%	59.79%

Spreads		MTD	QTD	YTD	2021
Inv. grade bonds	141 bps	-14 bps	-14 bps	49 bps	-4 bps
High yield bonds	428 bps	-141 bps	-141 bps	145 bps	-77 bps
Leveraged loans	496 bps	-18 bps	-58 bps	85 bps	-32 bps
Emerging markets	382 bps	-25 bps	-25 bps	85 bps	16 bps

Interest rates		MTD	QTD	YTD	2021
Fed Funds Target	2.375%	1.625%	0.375%	0.125%	0.125%
SOFR	2.29%	79 bps	79 bps	224 bps	-2 bps
3-month LIBOR*	2.86%	58 bps	58 bps	265 bps	-3 bps
2-year Treasury	3.23%	27 bps	27 bps	249 bps	61 bps
10-year Treasury	2.83%	-19 bps	-19 bps	132 bps	60 bps
30-year Treasury	3.07%	-12 bps	-12 bps	116 bps	26 bps
Barclays U.S. Agg	3.64%	-8 bps	-8 bps	189 bps	63 bps
Inv. grade bonds	4.51%	-19 bps	-19 bps	218 bps	59 bps
High yield bonds	7.61%	-128 bps	-128 bps	340 bps	3 bps

S&P 500 fwd. 12-month EPS estimate

Indexed to 100 on 4/1/22



Source: Bloomberg Finance, L.P., as of August 4, 2022.

Equities

S&P 500: Leading single benchmark of large-cap U.S. equities, representing approximately 500 of the largest U.S. companies. **Dow Jones Industrial Average:** Price-weighted measure of 30 U.S. blue-chip companies. **NASDAQ:** Stock market index of stocks listed on the NASDAQ. Index is heavily weighted toward technology companies. **Russell 2000:** Index measuring performance of approximately 2,000 small-cap U.S. equities. **MSCI World Index:** Broad global equity benchmark including both developed and emerging markets. **MSCI Europe Index:** Equity benchmark that measures the performance of large and mid-cap equities across 15 developed countries in Europe. **MSCI EAFE Index:** Equity benchmark that represents the performance of large and mid-cap securities across 21 developed markets, including countries in Europe, Australasia and the Far East. **MSCI Asia Index:** Equity benchmark that captures large and mid-cap representation across developed market countries and emerging market countries in Asia. **MSCI Emerging Markets Index:** Equity benchmark representing 24 developing or emerging market countries, representing 10% of world market cap. For more info on these MSCI indices, visit MSCI.com. **CBOE Volatility Index (VIX):** Key measure of market expectations of near-term volatility conveyed by S&P 500 stock option price.

Credit

Bloomberg Barclays U.S. Aggregate Bond Index: Broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. **Bloomberg Barclays U.S. Corporate Index:** Measures the USD-denominated, investment-grade, fixed-rate bond market. **Bloomberg Barclays U.S. Corporate High Yield Index:** Measures the USD-denominated, high yield, fixed-rate bond market. **S&P/LSTA U.S. Leveraged Loan Index:** Market value-weighted index designed to measure the performance of the U.S. leveraged loan market.

Alternatives

FTSE NAREIT All Equity REITs Index: Free-float adjusted market cap-weighted index that includes all tax-qualified REITs listed in the NYSE, AMEX, and NASDAQ. **S&P GSCI:** First major investable commodity index. It is one of the most widely recognized benchmarks that is broad-based and production-weighted to represent the global commodity market beta. **Alerian MLP Index:** Leading gauge of energy MLPs, representing about 85% of total industry market cap. **HFRX Global Hedge Fund Index:** Index designed to be representative of the overall composition of the hedge fund universe, comprised of all eligible hedge fund strategies.

Commodities

Generic 1st Crude Oil (WTI Crude): Front-month West Texas Intermediate Crude Oil futures. **Generic 1st Brent Crude Oil (Brent Crude):** Front-month Brent Crude futures. **Generic 1st Natural Gas:** Front-month natural gas futures. **Generic 1st Gold, 100 oz:** Front-month gold (100 oz) futures.

Currency

Dollar Spot Index: Indicates the general international value of the USD by averaging the exchange rates between the USD and major world currencies. **USDCNY:** price of 1 USD in CNY (the Chinese renminbi, or yuan). **Bitcoin:** price of 1 Bitcoin in USD.

Spreads

Bloomberg Barclays U.S. Corporate Index: Measures the USD-denominated, investment grade, fixed-rate, taxable bond market. **Bloomberg Barclays U.S. Corporate High Yield Index:** Measures the USD-denominated, high yield, fixed-rate bond market. **Bloomberg S&P/LSTA U.S. Leveraged Loan Index:** Market value-weighted index designed to measure the performance of the U.S. leveraged loan market. **Barclays EM USD Aggregate Index:** Flagship hard currency emerging market debt benchmark that includes USD-denominated debt from sovereign, quasi-sovereign and corporate EM issuers.

Interest rates

Fed funds target: Target rate for the federal funds policy rate, set by the Federal Reserve each meeting. This rate is an “overnight rate,” i.e., it is the rate charged by depository institutions (banks) to each other for overnight loans. **SOFR:** Secured Overnight Financing Rate (SOFR) measures the cost of borrowing cash overnight collateralized by Treasuries. **ICE 3-Month London Interbank Offered Rate (LIBOR):** Average interest rate at which leading banks borrow funds of a sizable amount from other banks in the London market. LIBOR is the most widely used “benchmark” or reference rate for short-term interest rates. **Treasury rates:** Market yields for U.S. Treasury securities with maturities of 2, 10 and 30 years. **Bloomberg Barclays U.S. Aggregate Bond Index:** Broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. **Bloomberg Barclays U.S. Corporate Index:** Measures the USD-denominated, investment grade, fixed-rate, taxable bond market. **Bloomberg Barclays U.S. Corporate High Yield Index:** Measures the USD-denominated, high yield, fixed-rate bond market.

Sources: Bureau of Labor Statistics (BLS), Department of Labor, Bureau of Economic Analysis (BEA), International Monetary Fund (IMF), OECD, Federal Reserve, Institute for Supply Management (ISM), Mortgage Bankers Association (MBA), U.S. Census Bureau, Standard & Poor's, Bank of America Merrill Lynch, Bloomberg, Macrobond.

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