

# Weekly Market Recap

## The week in review

- Consumer sentiment rose to 56.4
- Manufacturing PMI ticked up to 51.9
- Services PMI was unchanged at 52.5

## The week ahead

- FOMC meeting
- 4Q GDP

## Thought of the week

After three blockbuster years for the S&P 500, investors are questioning whether there's any more room to run. The good news is that earnings growth, not multiple expansion, is increasingly fueling the bull market. The share of S&P 500 returns driven by earnings growth rose from just 27% in 2023 to 84% in 2025. Consensus is calling for an even stronger 2026, with EPS growth estimates sitting around 15%. But here too, investors are skeptical. This is over 3x consensus for nominal GDP growth, manufacturing activity is weak and consumer sentiment is at rock bottom.

But the areas of the market driving earnings growth aren't tethered to the traditional economy. As this week's chart shows, the technology sectors are expected to contribute 60% of the EPS growth in 2026. While the AI buildout is boosting economic growth, it's through capital, not labor. The typical data center project creates less than 100 jobs per billion dollars invested versus over a thousand for traditional manufacturing plants of a similar price. The other area driving EPS growth is the financials sector, and this too is a capital story. Corporate IPO & M&A activity and stock market performance are boosting investment banking and asset management fees, respectively.

So, while earnings growth and the market are very much on track for another strong year, their results aren't likely to support the labor market or the median consumer. The middle 60% of Americans still make up the majority of consumption, which is still the majority of the economy. Investors need to be mindful of this increasingly fragile expansion. Exposure to U.S. innovators is critical but hedge economic and political uncertainty by diversifying abroad.

Please see important disclosures on next page.

## Weekly Data Center

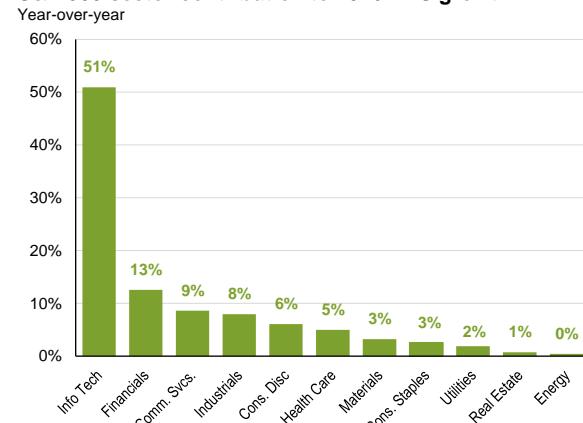
Equities	Level	Index Returns (%)					NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)
		1 week	QTD	YTD	1 year	3-yr. Cum.				
S&P 500	6916	-0.34	1.10	1.10	14.49	79.58	22.10	5.32	1.10	59031
Dow Jones 30	49099	-0.50	2.23	2.23	12.09	54.56	20.70	5.59	1.65	21124
Russell 2000	6634	-0.32	7.58	7.58	16.89	47.37	24.58	2.23	1.10	3080
Russell 1000 Growth	3117	-0.48	-1.04	-1.04	12.84	109.80	28.04	13.29	0.49	32387
Russell 1000 Value	1328	-0.21	3.92	3.92	14.91	47.78	17.61	3.06	1.74	30966
MSCI EAFE	2996	0.14	3.60	3.60	32.05	57.12	15.85	2.18	2.50	21170
MSCI EM	1501	1.09	6.94	6.94	42.71	57.55	13.41	2.25	1.78	10932
NASDAQ	23501	-0.06	1.13	1.13	17.95	111.40	26.98	7.32	0.55	39685

Fixed Income	Yield	1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	4.38	0.07	0.08	0.08	7.45	11.77
U.S. Corporates	4.86	0.20	0.29	0.29	8.06	15.86
Municipals (10yr)	3.11	-0.22	0.84	0.84	6.57	9.77
High Yield	7.01	0.10	0.67	0.67	8.17	29.45

Key Rates	Levels (%)					
	1/23/26	1/16/26	12/31/25	12/31/25	1/23/25	1/23/23
2-yr U.S. Treasuries	3.60	3.59	3.47	3.47	4.29	4.21
10-yr U.S. Treasuries	4.24	4.24	4.18	4.18	4.65	3.52
30-yr U.S. Treasuries	4.82	4.83	4.84	4.84	4.87	3.69
10-yr German Bund	2.90	2.83	2.86	2.86	2.54	2.19
SOFR	3.64	3.65	3.87	3.87	4.35	4.30
3-mo. EURIBOR	2.04	2.03	2.03	2.03	2.67	2.45
6-mo. CD rate	1.85	1.86	1.88	1.88	1.88	1.83
30-yr fixed mortgage	6.18	6.20	6.25	6.25	7.05	6.47
Prime Rate	6.75	6.75	6.75	6.75	7.50	7.50

## Chart of the Week

### S&P 500 sector contribution to 2026 EPS growth



## Style Returns

L	V	B	G
	-0.2	-0.3	-0.5
M	-0.2	-0.4	-1.2
	0.2	-0.3	-0.7
S	3.9	1.1	-1.0
	5.0	4.3	2.0
L	7.9	7.6	7.3

## S&P 500 Sector Returns

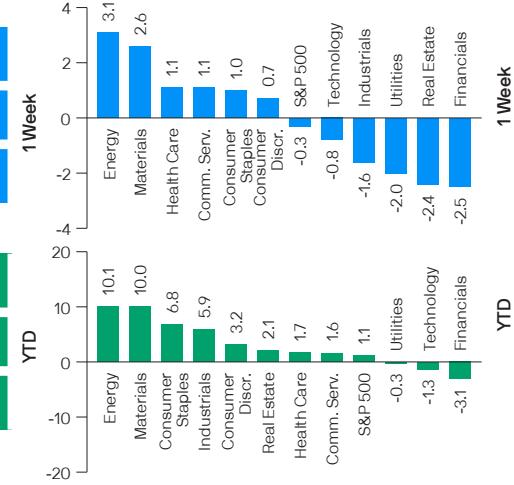


Chart of the Week: Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.

Thought of the week: Source: Bloomberg, FactSet, Standard & Poor's, J.P. Morgan Asset Management.

Abbreviations: Cons. Sent.: University of Michigan Consumer Sentiment Index; CPI: Consumer Price Index; EIA: Energy Information Agency; FHFA HPI: - Federal Housing Finance Authority House Price Index; FOMC: Federal Open Market Committee; GDP: gross domestic product; HPI: Home Price Index; HMI: Housing Market Index; ISM Mfg. Index: Institute for Supply Management Manufacturing Index; PCE: Personal consumption expenditures; Philly Fed Survey: Philadelphia Fed Business Outlook Survey; PMI: Purchasing Managers' Manufacturing Index; PPI: Producer Price Index; SAAR: Seasonally Adjusted Annual Rate

Equity Price Levels and Returns: All returns represent total return for stated period. Index: S&P 500; provided by: Standard & Poor's. Index: Dow Jones Industrial 30 (The Dow Jones is a price-weighted index composed of 30 widely-traded blue chip stocks.); provided by: S&P Dow Jones Indices LLC. Index: Russell 2000; provided by: Russell Investments. Index: Russell 1000 Growth; provided by: Russell Investments. Index: Russell 1000 Value; provided by: Russell Investments. Index: MSCI - EAFE; provided by: MSCI - gross official pricing. Index: MSCI - EM; provided by: MSCI - gross official pricing. Index: Nasdaq Composite; provided by: NASDAQ OMX Group.

MSCI EAFE is a Morgan Stanley Capital International Index that is designed to measure the performance of the developed stock markets of Europe, Australasia, and the Far East.

Bond Returns: All returns represent total return. Index: Bloomberg US Aggregate; provided by: Bloomberg Capital. Index: Bloomberg Investment Grade Credit; provided by: Bloomberg Capital. Index: Bloomberg Municipal Bond 10 Yr; provided by: Bloomberg Capital. Index: Bloomberg Capital High Yield Index; provided by: Bloomberg Capital.

Key Interest Rates: 2 Year Treasury, FactSet; 10 Year Treasury, FactSet; 30 Year Treasury, FactSet; 10 Year German Bund, FactSet. 3 Month LIBOR, British Bankers' Association; 3 Month EURIBOR, European Banking Federation; 6 Month CD, Federal Reserve; 30 Year Mortgage, Mortgage Bankers Association (MBA); Prime Rate: Federal Reserve.

Commodities: Gold, FactSet; Crude Oil (WTI), FactSet; Gasoline, FactSet; Natural Gas, FactSet; Silver, FactSet; Copper, FactSet; Corn, FactSet. Bloomberg Commodity Index (BBG Idx), Bloomberg Finance L.P.

Currency: Dollar per Pound, FactSet; Dollar per Euro, FactSet; Yen per Dollar, FactSet.

S&P Index Characteristics: Dividend yield provided by FactSet Pricing database. Fwd. P/E is a bottom-up weighted harmonic average using First Call Mean estimates for the "Next 12 Months" (NTM) period. Market cap is a bottom-up weighted average based on share information from Compustat and price information from FactSet's Pricing database as provided by Standard & Poor's.

MSCI Index Characteristics: Dividend yield provided by FactSet Pricing database. Fwd. P/E is a bottom-up weighted harmonic average for the "Next 12 Months" (NTM) period. Market cap is a bottom-up weighted average based on share information from MSCI and Price information from FactSet's Pricing database as provided by MSCI.

Russell 1000 Value Index, Russell 1000 Growth Index, and Russell 2000 Index Characteristics: Trailing P/E is provided directly by Russell. Fwd. P/E is a bottom-up weighted harmonic average using First Call Mean estimates for the "Next 12 Months" (NTM) period.

Market cap is a bottom-up weighted average based on share information from Compustat and price information from FactSet's Pricing database as provided by Russell.

Sector Returns: Sectors are based on the GICS methodology. Return data are calculated by FactSet using constituents and weights as provided by Standard & Poor's. Returns are cumulative total return for stated period, including reinvestment of dividends.

Style Returns: Style box returns based on Russell Indexes with the exception of the Large-Cap Blend box, which reflects the S&P 500 Index. All values are cumulative total return for stated period including the reinvestment of dividends. The Index used from L to R, top to bottom are: Russell 1000 Value Index (Measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values), S&P 500 Index (Index represents the 500 Large Cap portion of the stock market, and is comprised of 500 stocks as selected by the S&P Index Committee), Russell 1000 Growth Index (Measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values), Russell Mid Cap Value Index (Measures the performance of those Russell Mid Cap companies with lower price-to-book ratios and lower forecasted growth values), Russell Mid Cap Index (The Russell Midcap Index includes the smallest 800 securities in the Russell 1000), Russell Mid Cap Growth Index (Measures the performance of those Russell Mid Cap companies with higher price-to-book ratios and higher forecasted growth values), Russell 2000 Value Index (Measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values), Russell 2000 Index (The Russell 2000 includes the smallest 2000 securities in the Russell 3000), Russell 2000 Growth Index (Measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values).

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#### **Diversification does not guarantee investment returns and does not eliminate the risk of loss.**

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