

MARKET INSIGHTS

# Weekly Market Recap

U.S. | December 27, 2021

## The week in review

- Consumer confidence rose to 115.8 in Dec. from 111.9 in Nov.

## The week ahead

- S&P/Case-Shiller HPI

## Thought of the week

Last week, Democratic Senator Manchin disavowed support for the \$2T Build Back Better Act, which had already been teetering on a very thin Democratic majority. Manchin seems amenable to a \$1.8T bill, but with some meaningful revisions, leaving a sliver of hope for a slimmed down deal in 2022.

However, if a bill does not pass, the enhanced child tax credit (CTC) will expire at year-end. The American Rescue Plan, enacted in March 2021, brought three important changes to the CTC: increased benefit levels (annual payments up to \$3,600/child from \$2,000), expanded access to the lowest income families and advanced monthly installments. This was a boon to lower income families who have a higher propensity to spend.

According to the U.S. Census Bureau's Household Pulse Survey, 91% of families with an annual income of <\$35,000 used their CTC for basic household expenses with 59% using a portion of their benefit on food. As illustrated in the chart, lower income Americans spend disproportionately more of their after-tax annual income on food. Their spending behavior is much more sensitive to external forces, whether that be positively through the enhanced CTC or negatively through higher inflation. As we enter 2022, we are in an environment where the enhanced CTC is set to expire and food inflation is up 6.1% y/y, two factors that may constrain spending for lower income Americans in the short-term. These factors may potentially cause a temporary dent in their consumption which could be a headwind for economic growth next year.

Please see important disclosure on next page.

### WEEKLY DATA CENTER

Equities	Level	Index Returns (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
S&P 500	4726	1.25	10.07	27.59	29.91	106.15
Dow Jones 30	35951	0.15	6.72	19.65	21.55	71.03
Russell 2000	5571	4.15	1.93	14.58	12.79	80.22
Russell 1000 Growth	2029	2.66	11.40	27.33	28.94	152.25
Russell 1000 Value	1009	0.30	6.28	23.42	25.30	65.08
MSCI EAFE	2315	0.64	1.77	10.71	12.55	48.35
MSCI EM	1220	-0.30	-2.36	-3.33	-0.63	37.96
NASDAQ	15653	3.13	8.50	22.24	23.37	153.77

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	1.78	-0.22	-0.14	-1.70	-1.36	15.42
U.S. Corporates	2.39	-0.17	-0.09	-1.36	-0.69	24.43
Municipals (10yr)	1.03	0.05	0.49	0.90	1.00	15.03
High Yield	4.89	0.46	0.49	5.05	5.64	28.96

Key Rates	Levels (%)					
	12/23/21	12/16/21	9/30/21	12/31/20	12/23/20	12/21/18
2-yr U.S. Treasuries	0.71	0.64	0.28	0.13	0.13	2.63
10-yr U.S. Treasuries	1.50	1.44	1.52	0.93	0.96	2.79
30-yr U.S. Treasuries	1.91	1.87	2.08	1.65	1.70	3.03
10-yr German Bund	-0.24	-0.35	-0.19	-0.58	-0.55	0.25
3-mo. LIBOR	0.22	0.21	0.13	0.24	0.25	2.82
3-mo. EURIBOR	-0.59	-0.59	-0.55	-0.55	-0.54	-0.31
6-mo. CD rate	0.14	0.14	0.16	0.26	0.26	0.67
30-yr fixed mortgage	3.27	3.30	3.10	2.90	2.86	4.86
Prime Rate	3.25	3.25	3.25	3.25	3.25	5.50

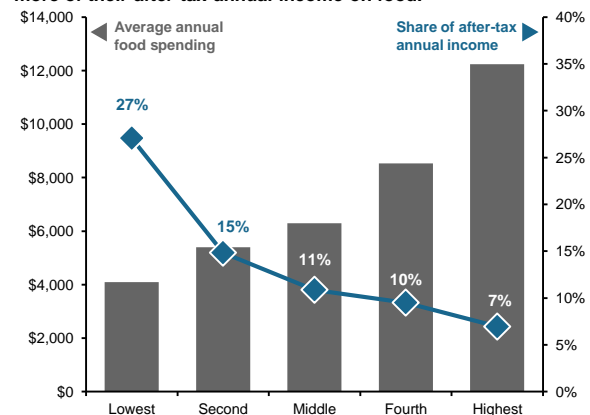
Index Characteristics	Levels			
	NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)
	20.83	4.78	1.23	86.93
	18.74	4.88	1.65	390.68
	23.50	2.48	0.92	1.76
	30.65	13.76	0.62	66.16
	15.59	2.65	1.82	37.18
	15.15	1.87	2.63	28.18
	12.46	1.82	2.40	18.94
	31.42	6.81	0.58	7.94

Currencies	Levels		
	12/23/21	12/31/20	12/23/20
\$ per €	1.13	1.22	1.22
\$ per £	1.34	1.37	1.35
¥ per \$	114.39	103.25	103.63

Commodities	Levels		
	12/23/21	12/31/20	12/23/20
Oil (WTI)	73.79	48.35	47.94
Gasoline	N/A	2.20	2.20
Natural Gas	3.73	2.36	2.76
Gold	1805	1888	1875
Silver	22.82	26.49	25.32
Copper	9606	7742	7765
Corn	5.96	4.74	4.37
BBG Idx	211.22	166.63	164.44

### Chart of the Week

Americans in the lowest income quintile spend disproportionately more of their after-tax annual income on food.

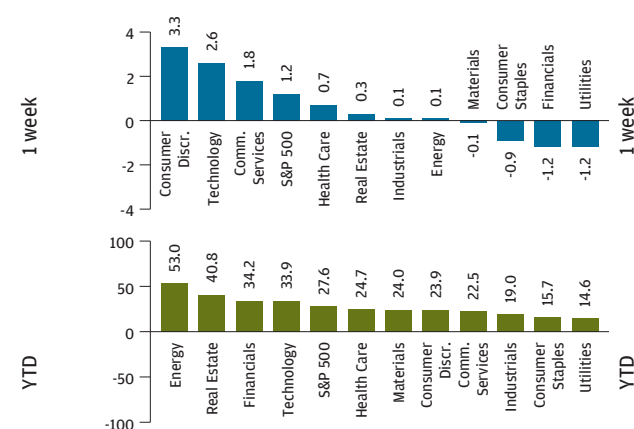


### STYLE RETURNS

	V	B	G
L	0.3	1.2	2.7
M	1.1	2.1	3.9
S	3.2	4.2	5.1

	V	B	G
L	23.4	27.6	27.3
M	26.0	21.1	12.6
S	27.3	14.6	3.2

### S&P 500 SECTOR RETURNS



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*Chart of the Week:* Source: Bureau of Labor Statistics, J.P. Morgan Asset Management. Source: PNC, J.P. Morgan Asset Management.

*Thought of the week:* Source: PNC, Bureau of Labor Statistics, J.P. Morgan Asset Management. Source: Bureau of Labor Statistics, 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 composing 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: Barclays US Aggregate; provided by: Barclays Capital. Index: Barclays Investment Grade Credit; provided by: Barclays Capital. Index: Barclays Municipal Bond 10 Yr; provided by: Barclays Capital. Index: Barclays Capital High Yield Index; provided by: Barclays 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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