

MARKET INSIGHTS

Weekly Market Recap

U.S. | January 10, 2022

The week in review

- Nonfarm payrolls: +199K
- JOLTS job openings: +10,562K
- Light vehicle sales: 12.4M

The week ahead

- CPI
- Retail sales
- Industrial production

Thought of the week

Payroll employment grew by much less than expected in December as employers only added 199,000 to payrolls. However, we continue to see signs of labor market tightness, with unemployment dropping to 3.9% and wages rising by a robust 0.6% m/m and 4.7% y/y. The durable rise in wages, as demand for workers far exceeds supply, has added a significant boost to the “sticky” inflation narrative as this week’s upcoming CPI report could show a whopping 7% y/y gain. Moreover, there may yet be room to run on wages. Entering the new year, 21 states increased their minimum wage by an average of 41 cents, with many states approving incremental minimum wage increases for multiple years ahead. While only a small percentage of all workers earn the minimum wage, these increases have the effect of raising the wage floor for all low-wage employees. Apart from these minimum wage increases, workers are also set to get some of the largest cost-of-living adjustments seen in decades. Just as Social Security payments are adjusted annually for cost-of-living changes, many private employers build similar adjustments into their compensation structures. Further, it seems most employers implement these changes in January, as reflected by the non-seasonally-adjusted distribution of monthly wage increases from 2010 to 2019. As we turn to next month’s Jobs report, we may see a larger spike in wages as the increase in minimum wages and cost-of-living adjustments look set to far exceed the historical seasonal patterns.

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	4677	-1.83	-1.83	-1.83	24.71	93.34
Dow Jones 30	36232	-0.25	-0.25	-0.25	18.90	64.41
Russell 2000	5417	-2.91	-2.91	-2.91	4.99	61.05
Russell 1000 Growth	1935	-4.81	-4.81	-4.81	21.15	125.32
Russell 1000 Value	1030	0.82	0.82	0.82	22.67	61.15
MSCI EAFE	2329	-0.29	-0.29	-0.29	9.14	45.25
MSCI EM	1226	-0.47	-0.47	-0.47	-4.98	35.59
NASDAQ	14936	-4.52	-4.52	-4.52	15.04	124.68

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	1.98	-1.53	-1.53	-1.53	-2.23	13.10
U.S. Corporates	2.59	-1.93	-1.93	-1.93	-1.55	21.81
Municipals (10yr)	1.17	-0.72	-0.72	-0.72	0.24	13.52
High Yield	5.08	-0.94	-0.94	-0.94	4.11	25.19

Key Rates	Levels (%)					
	1/7/22	12/31/21	12/31/21	12/31/21	1/7/21	1/7/19
2-yr U.S. Treasuries	0.87	0.73	0.73	0.73	0.14	2.53
10-yr U.S. Treasuries	1.76	1.52	1.52	1.52	1.08	2.70
30-yr U.S. Treasuries	2.11	1.90	1.90	1.90	1.85	2.99
10-yr German Bund	-0.05	-0.18	-0.18	-0.18	-0.55	0.21
3-mo. LIBOR	0.24	0.21	0.21	0.21	0.22	2.80
3-mo. EURIBOR	-0.58	-0.57	-0.57	-0.57	-0.55	-0.31
6-mo. CD rate	0.14	0.14	0.14	0.14	0.24	0.69
30-yr fixed mortgage	3.33	3.33	3.33	3.33	2.86	4.74
Prime Rate	3.25	3.25	3.25	3.25	3.25	5.50

Index Characteristics			
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)
20.47	4.73	1.24	85.82
18.82	4.90	1.74	386.22
22.72	2.42	0.94	1.71
29.07	13.13	0.64	63.50
15.80	2.71	1.78	37.33
15.20	1.88	2.51	28.31
12.49	1.83	2.38	18.84
29.80	6.49	0.61	7.51

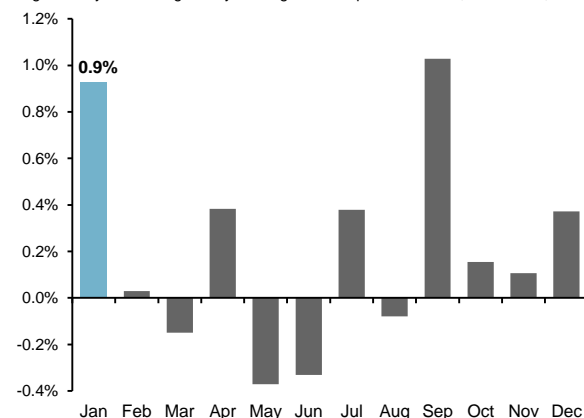
Currencies	Levels		
	1/7/22	12/31/21	1/7/21
\$ per €	1.13	1.14	1.23
\$ per £	1.36	1.35	1.35
¥ per \$	115.63	115.16	103.94

Commodities	Levels		
	1/7/22	12/31/21	1/7/21
Oil (WTI)	78.90	75.33	50.63
Gasoline	3.28	3.28	2.25
Natural Gas	3.92	3.82	2.81
Gold	1793	1806	1920
Silver	22.24	23.09	27.13
Copper	9615	9692	8037
Corn	5.97	5.86	4.84
BBG Idx	216.33	211.80	171.46

Chart of the Week

Wages historically tend to bounce in January

Avg. monthly incr. in avg. hourly earnings for total private workers, 2010-2019, NSA

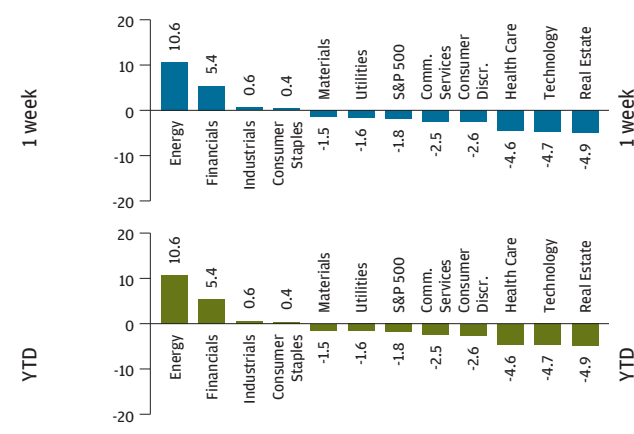


STYLE RETURNS

	V	B	G
L	0.8	-1.8	-4.8
M	-0.1	-2.8	-7.5
S	0.0	-2.9	-5.8

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L	0.8	-1.8	-4.8
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S&P 500 SECTOR RETURNS



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Chart of the Week: Source: BLS, J.P. Morgan Asset Management. Data are as of January 7, 2022.

Thought of the week: Source: BLS, J.P. Morgan Asset Management. Data are as of January 7, 2022.

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: 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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