

## MARKET INSIGHTS

## Weekly Market Recap

U.S. | January 3, 2022

## The week in review

- Case-Shiller U.S. HPI rose 0.9% m/m
- Pending home sales declined 2.6% m/m

## The week ahead

- Manufacturing/services PMIs
- Unemployment

## Thought of the week

2021 was a solid year for financial markets, as the economy's ability to adapt to the pandemic, the rollout of vaccines, the passing of additional fiscal stimulus and easy monetary policy all supported strong developed market equity and commodity performance. Improved mobility and declining vacancy rates drove REITs to the front of the line, with the FTSE Nareit index delivering a 39.9% return. Within the space, the top performers were regional malls, shipping centers and apartments. Following REITs were large cap U.S. equities and commodities, which were up 28.7% and 27.1%, respectively. The strong performance in large cap U.S. equities was primarily driven by unprecedented gains among the S&P 500's largest tech stocks. Turning to commodities, severe supply chain bottlenecks and a surge in energy prices supported performance. In contrast to 2020, small cap U.S. equities trailed their large cap peers with a 14.8% return, although this was still above the 20-year average of 11.0%. Outside the U.S., equities in developed markets ex-U.S. had another strong year with an 11.8% return; emerging market equities, on the other hand, contracted 2.2%, following a correction in the Chinese stock market in 2H21 and continued lockdown measures throughout the region. Lastly, U.S. fixed income decreased 1.5%, as long-term interest rates ended the year higher than they started. Looking ahead to 2022, we expect further recovery in emerging markets and a gradual fading of accommodative fiscal and monetary policy in developed markets as the world gradually moves past the pandemic.

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	4766	0.87	0.00	28.71	28.71	100.37
Dow Jones 30	36338	1.08	0.00	20.95	20.95	66.34
Russell 2000	5580	0.21	0.00	14.82	14.82	72.90
Russell 1000 Growth	2033	0.21	0.00	27.60	27.60	141.02
Russell 1000 Value	1022	1.41	0.00	25.16	25.16	62.81
MSCI EAFE	2336	0.96	0.00	11.78	11.78	48.45
MSCI EM	1232	1.15	0.00	-2.22	-2.22	37.96
NASDAQ	15645	-0.05	0.00	22.18	22.18	142.03

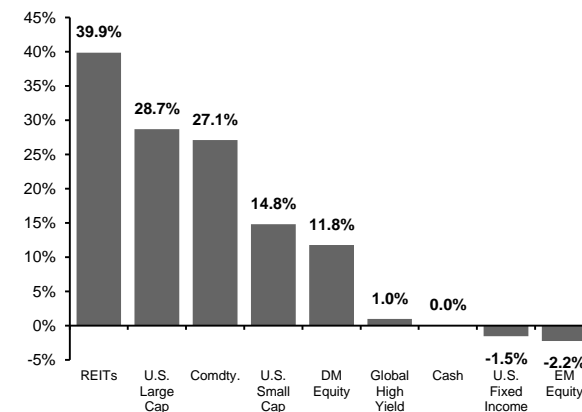
Fixed Income	Yield	Index Returns (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	1.76	0.16	0.00	-1.54	-1.54	15.08
U.S. Corporates	2.36	0.32	0.00	-1.04	-1.04	24.55
Municipals (10yr)	1.02	0.06	0.00	0.96	0.96	14.85
High Yield	4.86	0.22	0.00	5.28	5.28	28.91

Key Rates	Levels (%)					
	12/31/21	12/23/21	12/31/21	12/31/20	12/31/20	12/31/18
2-yr U.S. Treasuries	0.73	0.71	0.73	0.13	0.13	2.48
10-yr U.S. Treasuries	1.52	1.50	1.52	0.93	0.93	2.69
30-yr U.S. Treasuries	1.90	1.91	1.90	1.65	1.65	3.02
10-yr German Bund	-0.18	-0.24	-0.18	-0.58	-0.58	0.24
3-mo. LIBOR	0.21	0.22	0.21	0.24	0.24	2.81
3-mo. EURIBOR	-0.57	-0.59	-0.57	-0.55	-0.55	-0.31
6-mo. CD rate	0.14	0.14	0.14	0.26	0.26	0.68
30-yr fixed mortgage	3.27	3.27	3.27	2.90	2.90	4.84
Prime Rate	3.25	3.25	3.25	3.25	3.25	5.50

## Chart of the Week

## 2021 asset class returns

Total return, U.S. dollar



## STYLE RETURNS

	V	B	G
L	1.4	0.9	0.2
M	1.9	1.2	0.2
S	0.8	0.2	-0.3

	V	B	G
L	25.2	28.7	27.6
M	28.3	22.6	12.7
S	28.3	14.8	2.8

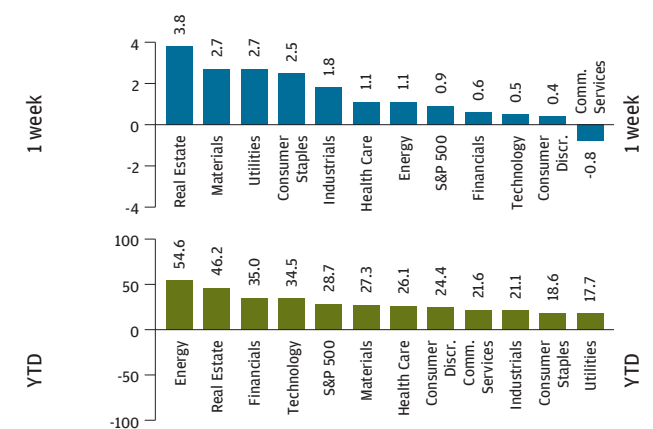
## Index Characteristics

NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)
20.96	4.84	1.22	87.56
18.93	4.93	1.74	394.57
23.35	2.48	0.92	1.76
30.61	13.84	0.62	66.47
15.77	2.69	1.80	37.59
15.24	1.89	2.51	28.39
12.56	1.84	2.38	19.01
31.27	6.81	0.58	7.89

Currencies	Levels	
	12/31/21	12/31/20
\$ per €	1.14	1.22
\$ per €	N/A	1.22
\$ per £	1.35	1.37
\$ per £	N/A	1.37
¥ per \$	115.16	103.25
¥ per \$	N/A	103.25

Commodities	Levels	
	12/31/21	12/31/20
Oil (WTI)	75.21	48.35
Oil (WTI)	N/A	48.35
Gasoline	3.28	2.20
Gasoline	N/A	2.20
Natural Gas	3.73	2.36
Natural Gas	N/A	2.36
Gold	1806	1888

## S&amp;P 500 SECTOR RETURNS



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*Chart of the Week:* Source: Bloomberg, FactSet, FTSE, MSCI, NAREIT, Russell, Standard & Poor's, J.P. Morgan Asset Management.

*Thought of the week:* Source: Bloomberg, FactSet, FTSE, MSCI, NAREIT, Russell, 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 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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