

Weekly Market Recap

The week in review

- Nonfarm employment +467,000 in January
- Unemployment rate at 4.0% in January
- Labor force participation at 62.2%, +0.3% m/m

The week ahead

- January CPI
- Consumer sentiment

Thought of the week

Market expectations have been pulled significantly forward in recent weeks as investors gear up for a more active and hawkish Fed amidst the background of a strong U.S. economy, low unemployment and high inflation. Six months ago, the market was pricing in just one Fed rate hike for 2022. Fast forward to today and the market is now expecting 5 rate hikes this year. As illustrated in the chart below, in August 2021, investors were anticipating that interest rate liftoff would begin in late 2022 with some even leaning toward early 2023. Current expectations thus signify a marked shift with investors now bracing for liftoff in March 2022 and steady increases thereafter. This is a short time for markets to adjust to such a meaningful move in rate expectations and is one of the reasons why we have been seeing a return to much more normal levels of volatility in markets after experiencing relatively low volatility in 2021.

At the January Fed meeting, Chair Powell confirmed this hawkish shift, stating that interest rate liftoff is imminent. He further stressed that the trajectory of future rate hikes is going to be highly dependent on incoming economic data (think: PCE, unemployment rate). The Fed's decisions are particularly sensitive to 1) inflation and 2) the labor market. On the first, we are in a very hot inflationary environment (CPI +7.0% y/y and PCE +5.8% y/y in December) that is proving to be less transitory than many once surmised. Second, the labor market is proving to be quite remarkable, boasting an unexpectedly strong jobs report last Friday. Powell has acknowledged that this economy is quite different than that at the start of the last tightening cycle and thus, Fed policy should reflect that. Additionally, Powell has left the door open to every Fed meeting being "live" and potentially hiking more than once a quarter. Should inflation continue to heat up more than the Fed forecasts, then investors should expect to be met with more frequent interest rate rises and consequently, yields will likely stay choppy as investors recalibrate this new Fed path.

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	4501	1.57	-5.47	-5.47	17.90	73.99
Dow Jones 30	35090	1.06	-3.35	-3.35	15.10	48.42
Russell 2000	4976	1.74	-10.78	-10.78	-8.18	37.00
Russell 1000 Growth	1837	1.86	-9.60	-9.60	11.06	97.84
Russell 1000 Value	1002	1.61	-1.89	-1.89	18.96	47.19
MSCI EAFE	2248	2.10	-3.74	-3.74	6.63	34.27
MSCI EM	1221	2.53	-0.83	-0.83	-9.88	26.02
NASDAQ	14098	2.41	-9.84	-9.84	3.00	96.97

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	2.27	-0.95	-3.05	-3.05	-3.60	10.79
U.S. Corporates	2.96	-1.20	-4.50	-4.50	-3.95	16.46
Municipals (10yr)	1.57	0.45	-2.41	-2.41	-2.13	10.94
High Yield	5.63	-0.30	-3.10	-3.10	1.11	19.24

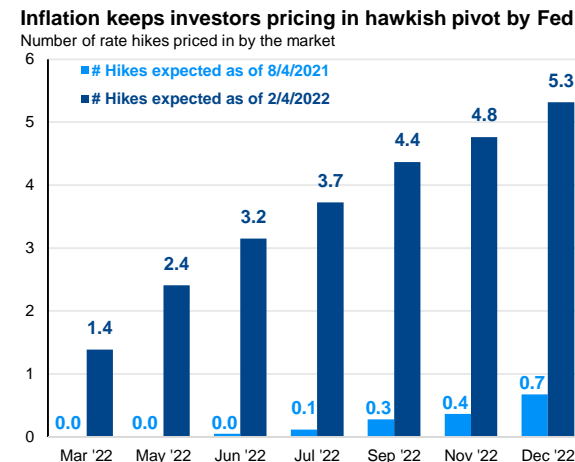
Key Rates	Levels (%)					
	2/4/22	1/28/22	12/31/21	12/31/21	2/4/21	2/4/19
2-yr U.S. Treasuries	1.31	1.15	0.73	0.73	0.11	2.53
10-yr U.S. Treasuries	1.93	1.78	1.52	1.52	1.15	2.73
30-yr U.S. Treasuries	2.23	2.07	1.90	1.90	1.93	3.06
10-yr German Bund	0.23	-0.04	-0.18	-0.18	-0.45	0.14
3-mo. LIBOR	0.34	0.32	0.21	0.21	0.19	2.73
3-mo. EURIBOR	-0.55	-0.55	-0.57	-0.57	-0.54	-0.31
6-mo. CD rate	0.16	0.16	0.14	0.14	0.21	0.73
30-yr fixed mortgage	3.78	3.78	3.33	3.33	2.92	4.69
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)
19.85	4.51	1.31	82.77
18.28	4.73	1.80	377.24
20.50	2.25	1.04	1.57
27.12	12.35	0.69	60.75
15.66	2.61	1.85	36.36
14.35	1.80	2.62	27.13
12.11	1.81	2.47	18.56
28.12	6.08	0.66	7.05

Currencies	Levels		
	2/4/22	12/31/21	2/4/21
\$ per €	1.14	1.14	1.20
\$ per £	1.35	1.35	1.37
¥ per \$	115.26	115.16	105.42

Commod.	Levels		
	2/4/22	12/31/21	2/4/21
Oil (WTI)	92.31	75.33	56.19
Gasoline	3.37	3.28	2.41
Natural Gas	4.57	3.82	2.99
Gold	1805	1806	1786
Silver	22.51	23.09	26.40
Copper	9875	9692	7834
Corn	6.11	5.86	5.35
BBG Idx	234.06	211.80	175.02

Chart of the Week



Style Returns



S&P 500 Sector Returns

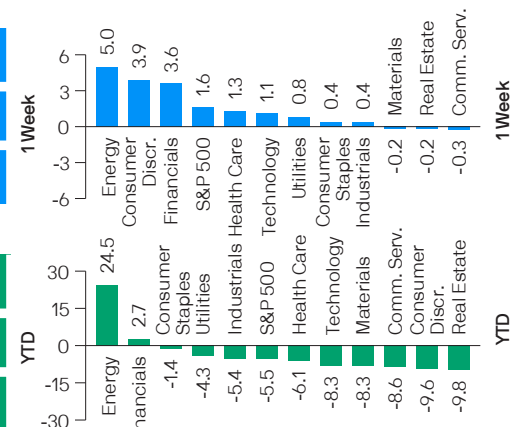




Chart of the Week: Source: Bloomberg, J.P. Morgan Asset Management.

Thought of the week: Source: Bloomberg, 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: 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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