

Weekly Market Recap

The week in review

- Headline and Core CPI rose 0.3% m/m and 0.6% m/m
- Consumer sentiment fell to 59.1 from 65.2

The week ahead

- Retail Sales
- Housing Starts
- Industrial Production

Thought of the week

Last week, investors' hopes for signs of cooling U.S. inflation were dashed as the April CPI report showed inflation still running hot. High inflation is clearly weighing on consumer confidence and offers little hope that the Fed will deviate from its projected aggressive path of rate hikes. Both headline CPI and core CPI came in above expectations at 0.3% m/m and 0.6% m/m, respectively. While declines in energy prices led a moderation in headline CPI, core inflation accelerated as airfares, new vehicle prices and shelter costs rose solidly. Consumer sentiment also fell to a new 11-year low as persistent inflation and weakness in equity markets likely hurt confidence.

In response to these economic releases, markets saw another volatile week in what has already been a particularly volatile year. Higher interest rates, the war in Ukraine and persistent inflation have spared few asset classes from the sell-off, and while bonds typically provide ballast when equities head downward, a benchmark 60/40 stock-bond portfolio is down 14% year-to-date. It will likely take several inflation reports to determine whether prices are cooling enough for the Fed to dial back on tightening, and thus calm investor worries. However, while market volatility may continue, the sell-off has brought stock valuations down to much more reasonable levels, as shown in the chart, while earnings estimates have remained resilient. Further, history suggests that periods of gloom may be among the best times to buy equities. Indeed, following 8 rather obvious troughs in consumer sentiment over the last 50 years, subsequent 12-month S&P 500 returns averaged almost 25%. Because of this, investors would be wise to keep their emotions in check, and invest based on the logic of current valuations and long-term prospects, rather than negative emotion in this difficult time.

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	4024	-2.35	-11.03	-15.12	-0.76	50.52
Dow Jones 30	32197	-2.08	-7.00	-10.81	-3.58	35.48
Russell 2000	4455	-2.50	-13.30	-19.83	-16.52	22.19
Russell 1000 Growth	1549	-2.90	-16.02	-23.61	-4.92	59.67
Russell 1000 Value	939.11	-1.84	-6.77	-7.46	-0.65	35.33
MSCI EAFE	1942	-1.37	-10.24	-15.43	-11.17	14.73
MSCI EM	1005	-2.60	-11.79	-17.90	-20.29	7.01
NASDAQ	11805	-2.77	-16.91	-24.35	-9.45	58.27

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	3.48	0.89	-4.02	-9.71	-8.45	0.43
U.S. Corporates	4.39	0.60	-6.15	-13.37	-10.76	1.91
Municipals (10yr)	3.33	-0.56	-3.85	-9.84	-9.16	-0.74
High Yield	7.64	-1.21	-5.85	-10.41	-7.43	7.06

Key Rates	Levels (%)					
	5/13/22	5/6/22	3/31/22	12/31/21	5/13/21	5/13/19
2-yr U.S. Treasuries	2.61	2.72	2.28	0.73	0.16	2.18
10-yr U.S. Treasuries	2.93	3.12	2.32	1.52	1.66	2.40
30-yr U.S. Treasuries	3.10	3.23	2.44	1.90	2.39	2.83
10-yr German Bund	0.96	1.11	0.55	-0.18	-0.12	-0.05
3-mo. LIBOR	1.44	1.40	0.96	0.21	0.16	2.52
3-mo. EURIBOR	-0.40	-0.43	-0.46	-0.57	-0.54	-0.31
6-mo. CD rate	0.34	0.32	0.16	0.14	0.16	0.86
30-yr fixed mortgage	5.53	5.53	4.80	3.33	3.11	4.40
Prime Rate	4.00	4.00	3.50	3.25	3.25	5.50

Index Characteristics				
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)	
17.00	4.15	1.49	73.58	
16.24	4.42	1.96	337.82	
16.94	2.12	1.18	1.41	
22.65	10.93	0.84	52.16	
13.86	2.47	2.02	33.35	
12.58	1.68	3.02	23.14	
11.01	1.68	2.69	16.38	
23.43	5.53	0.80	5.81	

Currencies	Levels		
	5/13/22	12/31/21	5/13/21
\$ per €	1.04	1.14	1.21
\$ per £	1.22	1.35	1.40
¥ per \$	129.38	115.16	109.58

Commod.	Levels		
	5/13/22	12/31/21	5/13/21
Oil (WTI)	110.49	75.33	63.82
Gasoline	4.33	3.28	2.96
Natural Gas	7.66	3.82	2.95
Gold	1812	1806	1822
Silver	20.84	23.09	26.82
Copper	9064	9692	10254
Corn	7.66	5.86	6.72
BBG Idx	274.52	211.80	195.80

Chart of the Week

S&P 500 Index: Forward P/E Ratio



Style Returns

	V	B	G
L	-1.8	-2.4	-2.9
M	-1.9	-2.0	-2.1
S	-2.8	-2.5	-2.1
L	-7.5	-15.1	-23.6
M	-9.2	-15.5	-26.9
S	-12.6	-19.8	-27.0

S&P 500 Sector Returns

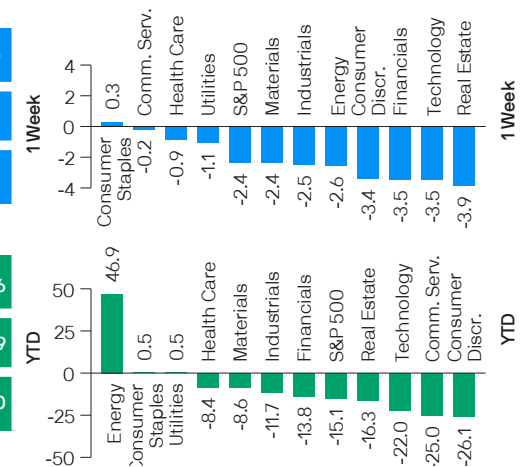




Chart of the Week: Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.

Thought of the week: Source: Conference Board, Bureau of Labor Statistics, Standard & Poor's, FactSet, University of Michigan, 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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