

# Weekly Market Recap

## The week in review

- Retail sales increased 0.90% m/m
- Industrial production increased 1.1% m/m
- Existing home sales decreased to 5,610K

## The week ahead

- Market mfg. and services PMIs
- Light vehicle sales
- Personal income
- PCE

## Thought of the week

Equity markets have seen a volatile start to the year, with the S&P 500 down 19% from its early January peak. A sharp move higher in interest rates on the back of a more hawkish Federal Reserve has pressured valuations, and subsequently left the index trading in-line with pre-pandemic levels and below its 25-year average. The re-rating in valuations has been particularly acute across growth stocks, as more defensive value names have outperformed. Inflation should cool and lead the Federal Reserve to provide greater clarity on its outlook for monetary policy. This should translate into lower interest rate - and broader capital market - volatility. A narrower distribution of outcomes and continued growth in earnings will allow equity markets to stabilize, and in time, begin moving higher. Furthermore, consumer sentiment is at recessionary levels, which has historically coincided with strong equity returns over the next 12 months. The chart of the week highlights the returns investors stand to enjoy as the market moves back to its all-time highs; forward returns are looking far more attractive than was the case at the start of the year, even if new all-time highs are not set in the short term.

While painful, this year's sell-off has created an opportunity for investors to rebalance portfolios and ensure they are appropriately positioned for the coming macro environment. At the same time, this higher volatility environment has supported stock pickers, with the greatest share of large cap core managers outperforming in more than a decade.

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	3901	-3.00	-13.70	-17.67	-4.86	44.45
Dow Jones 30	31262	-2.78	-9.58	-13.29	-6.53	29.79
Russell 2000	4407	-1.05	-14.21	-20.67	-18.79	20.70
Russell 1000 Growth	1484	-4.13	-19.49	-26.77	-11.11	51.21
Russell 1000 Value	921.55	-1.82	-8.47	-9.14	-2.70	31.72
MSCI EAFE	1969	1.53	-8.87	-14.14	-11.99	15.60
MSCI EM	1035	3.13	-9.03	-15.33	-20.07	12.81
NASDAQ	11355	-3.77	-20.05	-27.20	-15.54	51.12

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	3.42	0.59	-3.45	-9.18	-8.11	1.02
U.S. Corporates	4.36	0.44	-5.74	-12.99	-10.76	2.30
Municipals (10yr)	3.32	0.11	-3.75	-9.74	-9.09	-0.81
High Yield	7.83	-0.69	-6.51	-11.03	-8.01	5.98

Key Rates	Levels (%)					
	5/20/22	5/13/22	3/31/22	12/31/21	5/20/21	5/20/19
2-yr U.S. Treasuries	2.60	2.61	2.28	0.73	0.15	2.21
10-yr U.S. Treasuries	2.78	2.93	2.32	1.52	1.63	2.41
30-yr U.S. Treasuries	2.99	3.10	2.44	1.90	2.34	2.83
10-yr German Bund	0.95	0.96	0.55	-0.18	-0.11	-0.08
3-mo. LIBOR	1.51	1.44	0.96	0.21	0.15	2.52
3-mo. EURIBOR	-0.35	-0.40	-0.46	-0.57	-0.55	-0.31
6-mo. CD rate	0.39	0.34	0.16	0.14	0.16	0.86
30-yr fixed mortgage	5.49	5.49	4.80	3.33	3.15	4.33
Prime Rate	4.00	4.00	3.50	3.25	3.25	5.50

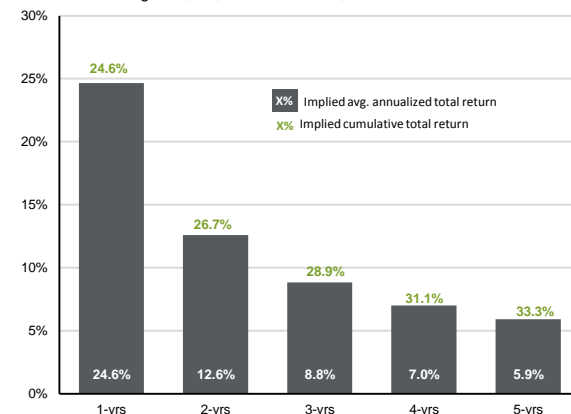
Index Characteristics	Levels			
	NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)
	16.45	4.10	1.55	71.15
	15.72	4.37	2.02	323.30
	16.63	2.10	1.23	1.40
	21.68	10.73	0.89	50.13
	13.57	2.44	2.08	32.47
	12.54	1.68	3.02	23.43
	11.21	1.69	2.69	16.86
	22.58	5.43	0.84	5.60

Currencies	Levels		
	5/20/22	12/31/21	5/20/21
\$ per €	1.06	1.14	1.22
\$ per £	1.25	1.35	1.42
¥ per \$	128.02	115.16	108.85

Commod.	Levels		
	5/20/22	12/31/21	5/20/21
Oil (WTI)	113.23	75.33	61.95
Gasoline	4.49	3.28	3.03
Natural Gas	8.08	3.82	2.86
Gold	1834	1806	1878
Silver	22.03	23.09	27.74
Copper	9477	9692	10086
Corn	7.64	5.86	6.62
BBG Idx	279.35	211.80	194.06

## Chart of the Week

**Average annual total return to recover to 2022 market high**  
Current market high = 4,797, current level = 3,901



## Style Returns

	V	B	G
L	-1.8	-3.0	-4.1
M	-1.8	-2.0	-2.6
S	-0.7	-1.0	-1.4
	V	B	G
L	-9.1	-17.7	-26.8
M	-10.8	-17.2	-28.8
S	-13.2	-20.7	-28.0

## S&P 500 Sector Returns

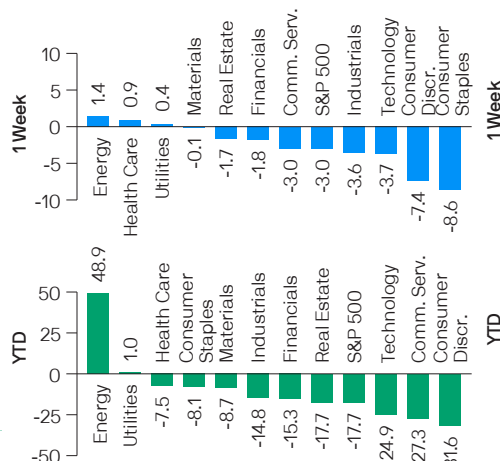




Chart of the Week: Source: FactSet, J.P. Morgan Asset Management. Thought of the week: Source: FactSet, J.P. Morgan Asset Management.

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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**Diversification does not guarantee investment returns and does not eliminate the risk of loss.**

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