

Weekly Market Recap

The week in review

- Headline CPI grew 0.4% m/m and 6% y/y, in-line with exp.
- Retail sales fell -0.4% m/m, below exp.
- Industrial production was flat m/m

The week ahead

- FOMC meeting
- Prelim. March PMIs

Thought of the week

Last week was a volatile ride, as markets digested news of Silicon Valley Bank's failure, the government's response and concerns regarding several other banks. Investors are now questioning what this means for their equity portfolios. Last week, the focus shifted toward quality and safety, leading large cap stocks to outperform small cap, with the S&P 500 and Russell 2000 indexes finishing 1.5% higher and 2.6% lower, respectively. This can be explained by small cap's larger exposure to financials at 18.5%, compared to large cap at 10.5%. Moreover, within financials, banks account for the majority of small cap's weighting compared to just 31% of large cap's weighting. While small cap underperformed large cap by 86% over the past 15 years, leaving valuations at very discounted levels, large cap continues to look favorable in the current environment given its greater exposure to defensive sectors. Additionally, the current net profit margin for the Russell 2000 is 4.6%, starkly lower than the S&P 500's 12.3%, reflecting small cap's increased vulnerability to elevated costs.

When it comes to style, growth outperformed value last week by 5.8% due to its lower weighting to financials and a pivot back to tech as Fed tightening expectations softened. Value will most likely face further headwinds in the near term due to its exposure to bank stocks. However, investors should look past short-term volatility and focus less on which style to overweight and more on prudent company selection as valuation gaps have narrowed significantly in the past year. While macroeconomic uncertainty and higher interest rates pose challenges for all companies, investors can best weather the storm by emphasizing quality within different market caps and styles.

Please see important disclosures on next page.

Weekly Data Center

Equities	Level	Index Returns (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
S&P 500	3917	1.47	2.41	2.41	-9.69	17.58
Dow Jones 30	31862	-0.11	-3.35	-3.35	-5.60	59.58
Russell 2000	4289	-2.57	-1.70	-1.70	-15.17	61.95
Russell 1000 Growth	1551	4.12	8.94	8.94	-11.41	65.62
Russell 1000 Value	884	-1.64	-3.92	-3.92	-9.53	56.91
MSCI EAFE	1987	-3.11	2.71	2.71	-4.52	50.76
MSCI EM	952	-0.26	-0.22	-0.22	-12.26	25.06
NASDAQ	11631	4.44	11.36	11.36	-13.81	62.36

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	4.36	1.43	2.90	2.90	-5.33	-6.88
U.S. Corporates	5.30	0.76	2.46	2.46	-6.36	-1.78
Municipals (10yr)	2.88	0.76	2.01	2.01	0.24	3.53
High Yield	9.03	-0.42	1.44	1.44	-4.98	16.42

Key Rates	Levels (%)					
	3/17/23	3/10/23	12/30/22	12/30/22	3/17/22	3/17/20
2-yr U.S. Treasuries	3.81	4.60	4.41	4.41	1.94	0.47
10-yr U.S. Treasuries	3.39	3.70	3.88	3.88	2.20	1.02
30-yr U.S. Treasuries	3.60	3.70	3.97	3.97	2.50	1.63
10-yr German Bund	2.07	2.45	2.53	2.53	0.38	-0.47
3-mo. LIBOR	5.00	5.14	4.77	4.77	0.93	1.05
3-mo. EURIBOR	2.75	2.98	2.13	2.13	-0.49	-0.41
6-mo. CD rate	N/A	1.86	1.80	1.80	0.15	0.59
30-yr fixed mortgage	6.71	6.71	6.58	6.58	4.27	3.74
Prime Rate	7.75	7.75	7.50	7.50	3.50	3.25

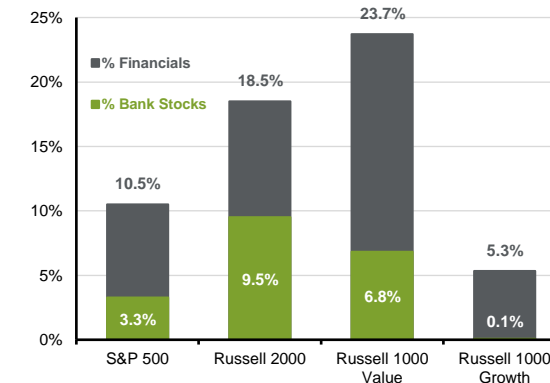
Index Characteristics			
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)
17.20	3.78	1.68	32814
16.23	4.22	2.16	9822
19.53	1.93	1.42	2198
23.11	9.00	0.99	18579
13.59	2.30	2.33	17511
12.36	1.67	3.13	14539
11.75	1.55	3.32	6305
25.07	4.79	0.88	18824

Currencies	Levels		
	3/17/23	12/30/22	3/17/22
\$ per €	1.06	1.07	1.11
\$ per £	1.21	1.20	1.32
¥ per \$	132.03	131.95	118.44

Commod.	Levels		
	3/17/23	12/30/22	3/17/22
Oil (WTI)	68.35	80.16	102.97
Gasoline	3.46	3.09	4.32
Natural Gas	2.51	3.52	4.80
Gold	1962	1814	1950
Silver	21.89	23.95	25.34
Copper	8621	8387	10166
Corn	6.10	6.14	7.40
BBG Idx	225.87	245.89	265.73

Chart of the Week

Financials and banking exposure by index
Percent of total market cap



Style Returns

	V			B			G		
	L	M	S	L	M	S	L	M	S
1 Week	-1.6	-3.0	-3.8	1.5	-2.0	-2.6	4.1	-0.2	-1.4
YTD	-3.9	-4.2	-4.5	2.4	-1.5	-1.7	8.9	3.4	1.0

S&P 500 Sector Returns

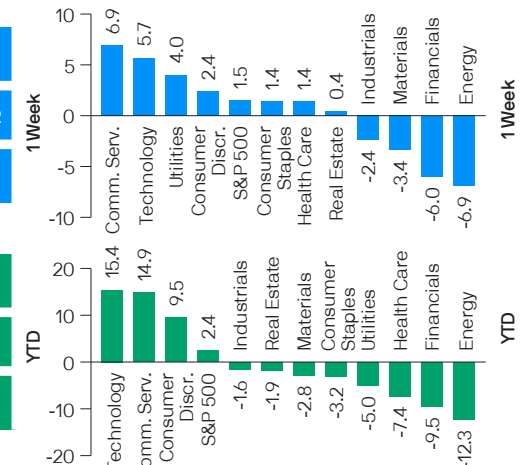




Chart of the Week: Source: FactSet, J.P. Morgan Asset Management
Thought of the week: Source: FactSet, J.P. Morgan Asset Management

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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