



Weekly Market Recap

The week in review

- FOMC hiked rates 0.25% to a range of 4.75%-5.0%
- Existing home sales jumped to 4.6M from 4.0M
- Prelim. March PMI Composite rose to 53.3 from 50.1

The week ahead

- PCE inflation
- Personal income and consumer spending

Thought of the week

March madness had a different connotation this year as investors faced market volatility and renewed uncertainties brought upon by a regional bank crisis. Last week, the March FOMC meeting revealed a cautious but steadfast Fed, with an additional 25bp rate hike but dovish forward guidance signaling a forthcoming end to the hiking cycle. Now over a year into tightening, the Fed has raised rates by 4.75%, well into restrictive territory, and financial conditions have tightened meaningfully, with housing, manufacturing and markets all experiencing corrections in the past year. A further tightening in lending standards due to banking system pressures looks set to do the rest of the Fed's job for them, dragging on economic growth and inflation but reducing the risk of further rate hikes.

While the odds of a U.S. recession have increased in light of all this, the risk outlook for the markets is becoming more balanced. Monetary policy should pose less of a headwind for stocks going forward. Economic data is moving in the right direction and the slowdown in inflation, wages and activity should become more pronounced in the coming months. Moreover, if the outlook worsens, the Fed could ease monetary policy, which could provide significant support to financial markets. Meanwhile, the investment landscape still presents opportunities. Bonds can provide portfolios with attractive income and some capital appreciation when the Fed eventually cuts rates. An emphasis on quality is important, but broadly speaking, equity markets tend to perform well in the 12 months following an end of a tightening cycle, as shown in the chart. By no means are we looking at clear skies yet, but calmer waters after a tumultuous March could provide support for balanced portfolios in the remainder of the year.

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	3971	1.41	3.73	3.73	-11.09	67.84
Dow Jones 30	32238	1.18	-2.37	-2.37	-5.72	62.55
Russell 2000	4312	0.53	-1.26	-1.26	-15.51	62.50
Russell 1000 Growth	1576	1.64	10.65	10.65	-13.65	68.35
Russell 1000 Value	892	0.99	-3.12	-3.12	-10.17	64.44
MSCI EAFE	2017	1.59	4.28	4.28	-4.10	49.52
MSCI EM	972	2.23	1.97	1.97	-11.98	30.27
NASDAQ	11824	1.67	13.15	13.15	-16.17	62.01

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	4.26	0.52	3.44	3.44	-4.09	-6.04
U.S. Corporates	5.14	0.86	3.35	3.35	-4.92	4.04
Municipals (10yr)	2.80	0.45	2.47	2.47	1.69	9.59
High Yield	8.99	0.35	1.80	1.80	-4.29	26.34

Key Rates	Levels (%)					
	3/24/23	3/17/23	12/30/22	12/30/22	3/24/22	3/24/20
2-yr U.S. Treasuries	3.76	3.81	4.41	4.41	2.13	0.38
10-yr U.S. Treasuries	3.38	3.39	3.88	3.88	2.34	0.84
30-yr U.S. Treasuries	3.64	3.60	3.97	3.97	2.51	1.39
10-yr German Bund	2.10	2.07	2.53	2.53	0.52	-0.34
3-mo. LIBOR	5.13	5.00	4.77	4.77	0.97	1.23
3-mo. EURIBOR	3.03	2.75	2.13	2.13	-0.48	-0.37
6-mo. CD rate	N/A	1.86	1.80	1.80	0.15	0.54
30-yr fixed mortgage	6.48	6.48	6.58	6.58	4.50	3.82
Prime Rate	8.00	7.75	7.50	7.50	3.50	3.25

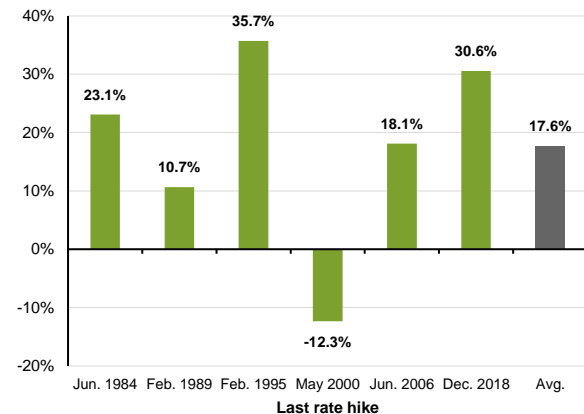
Index Characteristics	Levels			
	NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)
	17.43	3.79	1.66	33186
	16.40	4.23	2.13	9970
	19.93	1.93	1.42	2214
	23.45	9.01	0.97	18836
	13.72	2.29	2.31	17642
	12.44	1.67	3.13	14772
	12.00	1.56	3.32	6443
	25.43	4.80	0.87	19111

Currencies	Levels		
	3/24/23	12/30/22	3/24/22
\$ per €	1.08	1.07	1.10
\$ per £	1.22	1.20	1.32
¥ per \$	130.64	131.95	122.06

Commod.	Levels		
	3/24/23	12/30/22	3/24/22
Oil (WTI)	69.96	80.16	114.20
Gasoline	3.42	3.09	4.24
Natural Gas	2.15	3.52	5.19
Gold	1994	1814	1965
Silver	23.17	23.95	25.32
Copper	8927	8387	10421
Corn	6.10	6.14	7.33
BBG Idx	227.02	245.89	276.03

Chart of the Week

Equities have historically performed well after tightening cycles
S&P 500 price returns in the 12 months following past 6 hiking cycles



Style Returns

	V	B	G
L	1.0	1.4	1.6
M	0.8	0.8	0.8
S	0.3	0.5	0.7
	V	B	G
L	-3.0	3.9	10.7
M	-3.4	-0.8	4.2
S	-4.2	-1.2	1.7

S&P 500 Sector Returns

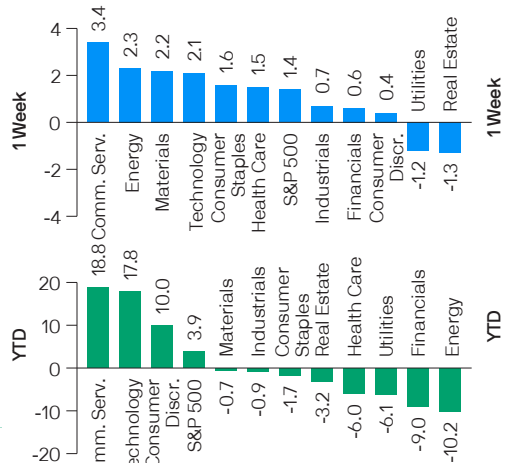




Chart of the Week: Source: FactSet, S&P 500, J.P. Morgan Asset Management

Thought of the week: Source: S&P 500, 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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