

# Weekly Market Recap

## The week in review

- Headline/core CPI: 5.0%/5.6% y/y
- Retail sales: -1.0% m/m, -0.8% m/m ex-autos

## The week ahead

- PMIs
- Building permits

## Thought of the week

The 1Q 2023 earnings season is underway, with the large U.S. banks releasing results last Friday. Current analyst estimates are tracking operating earnings per share (EPS) of \$49.54 (\$39.73 ex-financials), representing y/y growth of 0.4% and a q/q decline of 1.6%. This estimate reflects slowing demand offsetting the benefits of easing macro headwinds. Despite improved global supply chains and moderating cost pressures, increased recession risk and weak consumer sentiment weighed on demand, and a persistently strong dollar likely limited foreign sales.

At the sector level, these estimates suggest a change in leadership. The boost from the energy sector looks set to fade due to normalizing commodity prices. The current estimate of 7.6% y/y earnings growth for the sector represents a sharp deceleration compared to recent quarters. In other cyclical sectors, materials earnings will likely contract, while resilient demand for air travel and commercial services should support industrials. The tide may also turn for financials, as moderating loan loss provisions should contribute to positive earnings growth. That said, slowing loan growth, moderating net interest margins and weak M&A activity remain headwinds. The growth sectors are facing headwinds of their own, as falling hardware demand and less advertising and discretionary spending should weigh on information technology and communication services, respectively. Lastly, persistent demand for services and core goods should support both consumer sectors, with consumer discretionary specifically benefiting from China's reopening as well as strength in travel and lodging.

As the U.S. economy appears to be edging closer to a recession, current earnings estimates remain too high. While the prospect of lower interest rates has supported equity markets so far this year, volatility may pick up as earnings estimates are revised down.

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	4138	0.82	0.75	8.31	-4.17	52.53
Dow Jones 30	34030	1.20	1.89	2.84	0.49	50.44
Russell 2000	4427	1.54	-1.15	1.56	-9.81	49.43
Russell 1000 Growth	1626	0.54	-0.10	14.26	-5.73	50.45
Russell 1000 Value	939	1.21	1.28	2.30	-4.35	51.58
MSCI EAFE	2146	2.25	2.70	11.56	4.67	43.66
MSCI EM	1000	1.66	1.12	5.19	-7.45	21.26
NASDAQ	12123	0.30	-0.78	16.13	-8.37	45.74

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	4.42	-1.10	0.01	2.97	-2.07	-9.10
U.S. Corporates	5.15	-0.95	0.12	3.63	-1.80	-5.70
Municipals (10yr)	2.58	0.16	0.98	3.77	4.76	2.65
High Yield	8.47	0.77	0.84	4.44	-0.74	13.32

Key Rates	Levels (%)					
	4/14/23	4/6/23	3/31/23	12/30/22	4/14/22	4/14/20
2-yr U.S. Treasuries	4.08	3.82	4.06	4.41	2.47	0.23
10-yr U.S. Treasuries	3.52	3.30	3.48	3.88	2.83	0.76
30-yr U.S. Treasuries	3.74	3.54	3.67	3.97	2.92	1.41
10-yr German Bund	2.42	2.18	2.33	2.53	0.83	-0.40
3-mo. LIBOR	5.26	5.20	5.19	4.77	1.06	1.18
3-mo. EURIBOR	3.18	3.08	3.04	2.13	-0.45	-0.25
6-mo. CD rate	1.85	1.84	1.88	1.80	0.15	0.45
30-yr fixed mortgage	6.30	6.30	6.40	6.58	5.13	3.45
Prime Rate	8.00	8.00	8.00	7.50	3.50	3.25

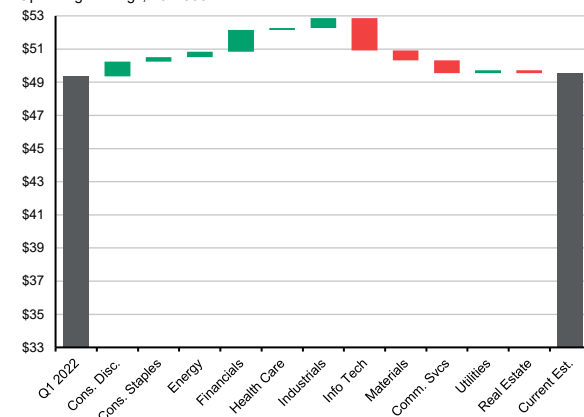
Index Characteristics				
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)	
18.22	3.82	1.61	34579	
17.30	4.26	2.03	10401	
20.55	1.92	1.39	2266	
24.12	9.04	0.95	19428	
14.54	2.31	2.23	18573	
13.17	1.68	3.14	15711	
12.30	1.56	3.32	6629	
26.10	4.85	0.86	19592	

Currencies	Levels		
	4/14/23	12/30/22	4/14/22
\$ per €	1.10	1.07	1.08
\$ per £	1.24	1.20	1.30
¥ per \$	133.46	131.95	125.90

Commod.	Levels		
	4/14/23	12/30/22	4/14/22
Oil (WTI)	82.16	80.16	106.84
Gasoline	3.60	3.09	4.11
Natural Gas	2.01	3.52	6.94
Gold	2019	1814	1963
Silver	26.03	23.95	25.66
Copper	9082	8387	10277
Corn	6.10	6.14	7.75
BBG Idx	238.25	245.89	283.13

## Chart of the Week

EPS contribution by sector  
Operating earnings, S&P 500



## Style Returns

	V	B	G
L	1.2	0.8	0.5
M	1.2	1.4	1.9
S	0.9	1.5	2.1
	V	B	G
L	2.3	8.3	14.3
M	0.9	3.6	8.5
S	-2.4	1.6	5.4

## S&P 500 Sector Returns

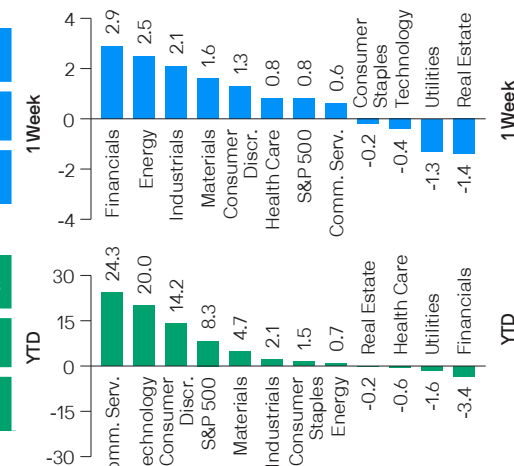




Chart of the Week: Source: Standard & Poor's, J.P. Morgan Asset Management.

Thought of the week: Source: Standard & Poor's, 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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