



Weekly Market Recap

The week in review

- Retail sales: +0.4% m/m
- Industrial production: +0.5% m/m
- Housing starts: +2.2% m/m

The week ahead

- Second 1Q23 GDP estimate
- PCE
- Flash PMIs

Thought of the week

Despite slower economic growth, 1Q23 S&P 500 earnings have surprised to the upside, as economic momentum at the beginning of the year supported an expansion in profit margins. With over 90% of the S&P 500's market cap having reported, profit margins currently stand at 11.8%, a level of profitability that had only been eclipsed once in the pre-pandemic period.

Earnings continue to find support in consumer spending, which accelerated to a q/q gain of 3.7% (SAAR) in 1Q23 due to increases in both goods and services. The strength in services demand has particularly buoyed earnings, with the travel and food services related industries within consumer discretionary and industrials recording significant growth in profits. Additionally, while the decrease in private inventory investment dragged on real GDP growth in 1Q23, this was a positive for earnings, as it confirms companies are successfully working their way through bloated inventories. Elsewhere, higher interest rates drove an increase in net interest margins in the financials sector, which despite the ongoing turmoil with regional banks, had a strong earnings season. Lastly, the cost side of the profit story has also improved. Many of the large tech companies, which are among the index's largest constituents, are now focused on managing headcount and optimizing capital expenditures, with both initiatives providing downside protection to earnings.

Year-to-date, gains in the equity market have been driven by multiple growth due to the market's expectations for rate cuts by the end of the year. However, looking ahead, if such expectations prove to be too dovish, any further gains in equities will be dependent on earnings.

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	4192	1.71	2.24	9.91	9.34	50.43
Dow Jones 30	33427	0.50	0.76	1.69	9.27	46.81
Russell 2000	4408	1.93	-1.42	1.27	1.40	40.83
Russell 1000 Growth	1694	2.52	4.21	19.18	15.04	46.89
Russell 1000 Value	921	0.82	-0.47	0.53	2.56	49.90
MSCI EAFE	2132	0.38	2.86	11.73	12.52	41.09
MSCI EM	977	0.52	-0.94	3.04	-0.33	14.88
NASDAQ	12658	3.08	3.70	21.37	12.15	41.09

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	4.62	-1.37	-1.05	1.88	-2.10	-10.48
U.S. Corporates	5.43	-1.47	-1.48	1.97	-0.88	-7.75
Municipals (10yr)	3.08	-1.12	-0.99	1.74	5.63	0.61
High Yield	8.92	-0.42	0.14	3.71	3.62	12.37

Key Rates	Levels (%)					
	5/19/23	5/12/23	3/31/23	12/30/22	5/19/22	5/19/20
2-yr U.S. Treasuries	4.28	3.98	4.06	4.41	2.63	0.17
10-yr U.S. Treasuries	3.70	3.46	3.48	3.88	2.84	0.70
30-yr U.S. Treasuries	3.95	3.78	3.67	3.97	3.05	1.43
10-yr German Bund	2.47	2.26	2.33	2.53	0.95	-0.47
3-mo. LIBOR	5.38	5.32	5.19	4.77	1.50	0.37
3-mo. EURIBOR	3.42	3.35	3.04	2.13	-0.35	-0.26
6-mo. CD rate	1.95	1.90	1.88	1.80	0.37	0.41
30-yr fixed mortgage	6.57	6.57	6.40	6.58	5.49	3.41
Prime Rate	8.25	8.25	8.00	7.50	4.00	3.25

Index Characteristics			
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)
18.21	3.82	1.60	35050
16.76	4.19	2.06	10620
20.23	1.88	1.43	2249
24.63	9.09	0.92	20244
14.08	2.28	2.28	18208
13.14	1.68	2.88	15599
12.13	1.55	2.69	6476
26.42	4.90	0.83	20452

Currencies	Levels		
	5/19/23	12/30/22	5/19/22
\$ per €	1.08	1.07	1.06
\$ per £	1.24	1.20	1.25
¥ per \$	138.51	131.95	127.40

Commod.	Levels		
	5/19/23	12/30/22	5/19/22
Oil (WTI)	71.86	80.16	112.21
Gasoline	3.54	3.09	4.49
Natural Gas	2.59	3.52	8.21
Gold	1962	1814	1844
Silver	23.66	23.95	21.56
Copper	8222	8387	9287
Corn	6.10	6.14	7.68
BBG Idx	224.46	245.89	280.55

Chart of the Week

S&P 500 profit margin
Operating earnings/sales



Style Returns

	V	B	G
L	0.8	1.7	2.5
M	0.5	1.1	1.9
S	2.0	1.9	1.9
	V	B	G
L	0.5	9.9	19.2
M	-0.7	2.6	8.8
S	-3.7	1.3	6.1

S&P 500 Sector Returns

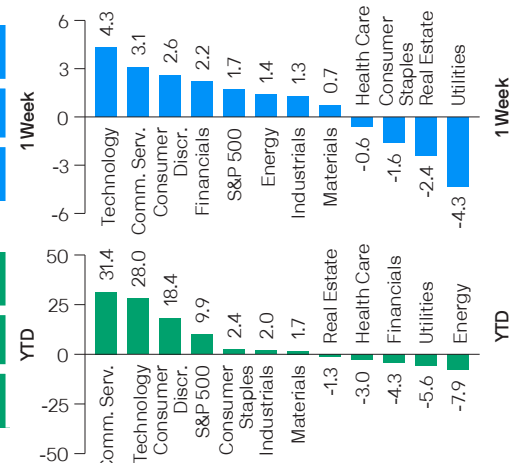




Chart of the Week: Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.

Thought of the week: Source: FactSet, 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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