

Weekly Market Recap

The week in review

- Prelim. Jan. PMI Composite rose to 50.3 from 47.9
- 4Q23 real GDP increased at 3.3% annualized rate

The week ahead

- FOMC meeting
- Nonfarm payrolls

Thought of the week

After a two-year stretch marked with significant uncertainty, the S&P 500 overcame the “wall of worry” about a potential hard landing for the U.S. economy, achieving a new all-time high on Jan. 19 and notching successive highs for five straight days last week. While the time to recovery was the third longest since 1988, it was notable for its resilience on the back of strong fundamentals, despite pressures from multi-decade high interest rates. However, it has also resulted in elevated valuations, leaving some investors, especially those who waited in cash on the sidelines, wondering where markets could go from here.

For investors wary of potential corrections, market highs can lead to a psychological stalemate. However, historical data suggest that all-time highs are more common and less daunting than perceived. Since 1988, the S&P 500 has, on average, reached new highs 20 times per year. More importantly, nearly 85% of the time, one-year forward returns from these highs were positive. In fact, as highlighted in the chart of the week, during this period one, two and three-year forward returns were more favorable when investing at all-time highs compared to a random day. This compelling outcome aligns with a key market adage: strength begets strength, which in market terms, often translates to the formation of successive highs.

Given that markets spend about half the time within 5% of all-time highs, remaining on the sidelines can result in significant opportunity cost. Since fundamentals drive the market over the long run, the recent persistence of strong earnings growth this cycle could further bolster the market. For investors, embracing active management to protect against volatility while understanding that momentum can carry markets past all-time highs will be crucial in generating returns this 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	4891	1.07	2.62	2.62	22.43	33.16
Dow Jones 30	38109	0.65	1.20	1.20	14.69	30.92
Russell 2000	4917	1.75	-2.37	-2.37	5.61	-4.22
Russell 1000 Growth	2097	0.88	3.98	3.98	37.93	29.90
Russell 1000 Value	1009	1.24	0.41	0.41	6.75	26.96
MSCI EAFE	2223	2.01	-0.56	-0.56	9.14	11.12
MSCI EM	985	1.47	-3.73	-3.73	-3.58	-22.55
NASDAQ	15455	0.94	2.98	2.98	35.37	16.10

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	4.74	0.10	-1.30	-1.30	1.09	-10.29
U.S. Corporates	5.23	0.22	-1.08	-1.08	3.33	-9.67
Municipals (10yr)	3.00	-0.07	-1.03	-1.03	1.99	-1.72
High Yield	7.94	0.61	-0.07	-0.07	9.08	5.47

Key Rates	Levels (%)					
	1/26/24	1/19/24	12/29/23	12/29/23	1/26/23	1/26/21
2-yr U.S. Treasuries	4.34	4.39	4.23	4.23	4.17	0.11
10-yr U.S. Treasuries	4.15	4.15	3.88	3.88	3.49	1.05
30-yr U.S. Treasuries	4.38	4.36	4.03	4.03	3.62	1.80
10-yr German Bund	2.31	2.35	2.00	2.00	2.19	-0.54
SOFR	5.32	5.31	5.38	5.38	4.30	0.03
3-mo. EURIBOR	3.89	3.96	3.91	3.91	2.47	-0.54
6-mo. CD rate	2.25	2.24	2.23	2.23	N/A	0.19
30-yr fixed mortgage	6.78	6.78	6.76	6.76	6.20	2.95
Prime Rate	8.50	8.50	8.50	8.50	7.50	3.25

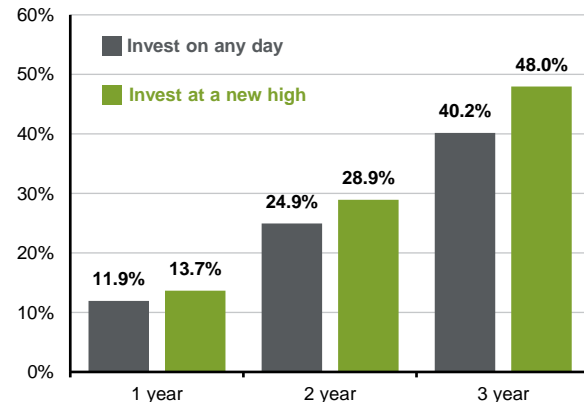
Index Characteristics				
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)	
20.02	4.45	1.40	41062	
17.75	4.70	N/A	12004	
21.58	1.75	1.39	2453	
27.23	11.76	0.67	24611	
15.07	2.38	2.23	20233	
13.56	1.77	3.04	16086	
11.59	1.57	2.90	6801	
27.28	5.96	0.71	25065	

Currencies	Levels		
	1/26/24	12/29/23	1/26/23
\$ per €	1.09	1.10	1.09
\$ per £	1.27	1.27	1.24
¥ per \$	148.09	140.98	130.46

Commod.	Levels		
	1/26/24	12/29/23	1/26/23
Oil (WTI)	77.36	71.89	80.64
Gasoline	3.06	3.12	3.42
Natural Gas	2.57	2.58	2.72
Gold	2018	2078	1932
Silver	22.92	23.79	23.71
Copper	8447	8476	9289
Corn	6.10	6.10	6.18
BBG Idx	227.68	226.43	245.81

Chart of the Week

Average cumulative S&P 500 total returns January 1, 1988 - present



Style Returns

	V	B	G
L	1.2	1.1	0.9
M	1.0	0.9	0.7
S	1.9	1.8	1.6
	V	B	G
L	0.4	2.6	4.0
M	-1.0	-0.6	0.3
S	-2.6	-2.4	-2.1

S&P 500 Sector Returns

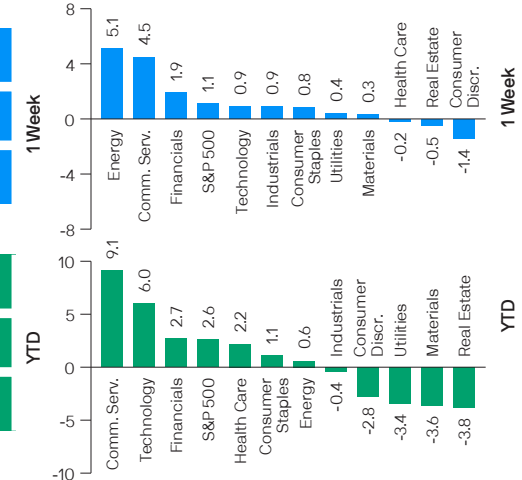




Chart of the Week: Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.

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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