

Weekly Market Recap

The week in review

- Housing starts: +10.7% m/m
- Markit mfg./services PMI: 52.5/51.7 (preliminary)

The week ahead

- 4Q23 real GDP (final estimate)
- PCE

Thought of the week

U.S. 10-year Treasury yields have increased 34 basis points year-to-date and have remained above 4% since early February. Yet over the same period, stocks have rallied 10%. At first glance, this dynamic may seem counterintuitive, because high and rising interest rates are typically associated with weaker equity market performance. However, in today's market, this relationship has deteriorated, because investors have interpreted the rise in interest rates as a reflection of resilient economic activity, accompanied by expectations for robust profit growth. The market's confidence was reinforced after last week's FOMC meeting, as the committee's updates to its Summary of Economic Projections (SEP) illustrated a rosier economic outlook. Real GDP growth projections were revised upwards from below-trend growth rates in December. The year-end unemployment rate forecast was revised downwards for 2024 and kept unchanged for 2025. Headline PCE projections were left unchanged at 2.4% for year-end 2024, but core PCE projections did increase slightly to 2.6%. Despite the increase in core PCE projections, in January headline and core PCE grew 2.4% and 2.8% y/y, respectively, highlighting that we are already close to meeting the FOMC's expectations. As such, the committee's policy rate projections continued to signal three rate cuts this year but a downward revised three cuts in 2025 as the economy and labor market are expected to remain healthy.

For equities, the key takeaway is that interest rates will likely stay higher for longer given the gradual pace of policy rate cuts laid out in the SEP. In an environment of higher rates and return-to-trend growth, quality will be key, particularly as valuations remain stretched and earnings estimates are downgraded. Investors should focus on attractively priced stocks with reliable revenue streams, prudent cost management, and low interest rate exposure.

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	5234	2.31	10.12	10.12	35.06	39.21
Dow Jones 30	39476	1.97	5.25	5.25	25.86	28.19
Russell 2000	5149	1.61	2.52	2.52	21.84	-4.77
Russell 1000 Growth	2257	2.85	12.08	12.08	46.08	43.91
Russell 1000 Value	1071	1.66	7.03	7.03	23.44	25.03
MSCI EAFE	2352	1.24	5.74	5.74	19.25	15.74
MSCI EM	1039	0.53	1.96	1.96	11.46	-15.00
NASDAQ	16429	2.86	9.63	9.63	41.90	25.73

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	4.84	0.73	-1.00	-1.00	1.33	-7.40
U.S. Corporates	5.30	0.78	-0.65	-0.65	4.57	-5.43
Municipals (10yr)	2.99	-0.17	-0.36	-0.36	3.30	0.33
High Yield	7.84	0.59	1.37	1.37	12.57	7.30

Key Rates	Levels (%)					
	3/22/24	3/15/24	12/29/23	12/29/23	3/22/23	3/22/21
2-yr U.S. Treasuries	4.59	4.72	4.23	4.23	3.96	0.15
10-yr U.S. Treasuries	4.22	4.31	3.88	3.88	3.48	1.69
30-yr U.S. Treasuries	4.39	4.43	4.03	4.03	3.68	2.38
10-yr German Bund	2.32	2.44	2.00	2.00	2.36	-0.31
SOFR	5.31	5.31	5.38	5.38	4.55	0.01
3-mo. EURIBOR	3.90	3.93	3.91	3.91	3.00	-0.54
6-mo. CD rate	N/A	2.28	2.23	2.23	1.86	0.18
30-yr fixed mortgage	6.97	6.97	6.76	6.76	6.48	3.36
Prime Rate	8.50	8.50	8.50	8.50	7.75	3.25

Index Characteristics			
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)
20.92	4.57	1.32	43908
18.48	4.91	N/A	13727
23.06	1.94	1.32	2580
28.06	12.00	0.63	26397
15.84	2.44	2.12	21434
14.42	1.84	2.76	16933
12.19	1.62	2.34	7174
27.78	6.17	0.68	26614

Currencies	Levels		
	3/22/24	12/29/23	3/22/23
\$ per €	1.08	1.10	1.08
\$ per £	1.26	1.27	1.22
¥ per \$	151.36	140.98	132.68

Commod.	Levels		
	3/22/24	12/29/23	3/22/23
Oil (WTI)	81.05	71.89	70.71
Gasoline	3.45	3.12	3.42
Natural Gas	1.69	2.58	2.03
Gold	2172	2078	1949
Silver	24.59	23.79	22.35
Copper	8741	8476	8881
Corn	N/A	N/A	N/A
BBG Idx	229.37	226.43	225.97

Chart of the Week

Stocks have rallied year-to-date despite interest rates moving higher
U.S. 10-year Treasury yield and S&P 500 price index



Style Returns

	V	B	G
L	1.7	2.3	2.8
M	2.1	2.1	2.0
S	2.2	1.6	1.0
	V	B	G
L	7.0	10.1	12.1
M	6.1	6.8	8.6
S	-0.1	2.5	5.2

S&P 500 Sector Returns

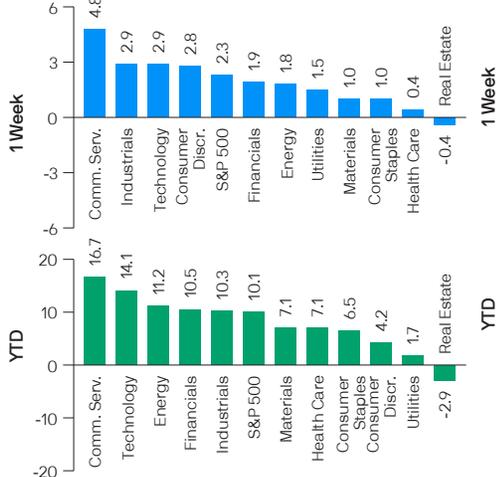




Chart of the Week: Source: FactSet, J.P Morgan Asset Management.
Thought of the week: Source: FactSet, J.P Morgan Asset Management.

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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