



Weekly Market Recap

The week in review

- Headline CPI rose by 0.3% m/m and 3.4% y/y
- PPI rose by a hotter than expected 0.5% m/m
- Retail sales were flat in April, disappointing expectations

The week ahead

- FOMC minutes
- PMIs

Thought of the week

Falling inflation in 2H23 encouraged a more accommodative tone from Fed officials. In fact, Fed sentiment, as measured by J.P. Morgan's Fed Hawk-Dove Speech Score, slowly shifted from hawkish toward a more neutral stance in the fourth quarter. However, after a string of hot CPI prints in 1Q24, heightened inflation uncertainty has caused Fed officials to reassert their hawkish tone. Last week's data provided an important update on inflation dynamics in the second quarter.

To start the week, PPI rose by an unexpectedly strong 0.5% m/m in April, although downward revisions to prior months led Chair Powell to view the report as more "mixed." Shortly thereafter, the April CPI report showed a slight slowdown in both headline and core inflation, which rose by 3.4% y/y and 3.6% y/y, respectively. While this report came in as expected, it ended a streak of upside inflation surprises. Lastly, import prices rose by a firm 1.1% y/y, suggesting that some disinflationary tailwinds from imported goods may be fading.

Despite a busy data schedule, Chair Powell managed to grab headlines early last week. In his comments, Powell articulated that recent data has hurt his confidence in his outlook, although his base case still calls for falling inflation and a prolonged Fed pause opposed to further rate hikes. On balance, this week's data gives Powell and the broader committee few reasons to change their messaging. Sticky inflation warrants a hawkish tilt, but the broader inflation downtrend justifies a bias for cuts over hikes. While it may take time for the Fed to gain confidence in disinflation, fading price pressures through the summer could open the door for policy easing as soon as September.

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	5303	1.60	1.12	11.80	29.51	33.52
Dow Jones 30	40004	1.35	0.72	6.90	22.24	23.91
Russell 2000	5208	1.79	-1.22	3.90	19.92	-1.90
Russell 1000 Growth	2281	1.84	1.73	13.34	37.26	40.63
Russell 1000 Value	1087	1.26	-0.04	8.95	21.26	19.12
MSCI EAFE	2381	1.70	2.45	8.40	16.28	14.34
MSCI EM	1100	2.72	6.14	8.43	16.26	-8.17
NASDAQ	16686	2.15	1.97	11.47	34.52	27.70

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	5.04	0.57	-0.63	-1.40	1.38	-8.36
U.S. Corporates	5.47	0.68	-0.56	-0.96	4.79	-7.07
Municipals (10yr)	3.29	-0.19	-0.70	-1.24	1.93	-1.68
High Yield	8.03	0.39	0.37	1.85	11.32	5.93

Key Rates	Levels (%)					
	5/17/24	5/10/24	3/28/24	12/29/23	5/17/23	5/17/21
2-yr U.S. Treasuries	4.83	4.87	4.59	4.23	4.12	0.16
10-yr U.S. Treasuries	4.42	4.50	4.20	3.88	3.57	1.64
30-yr U.S. Treasuries	4.56	4.64	4.34	4.03	3.88	2.36
10-yr German Bund	2.51	2.52	2.29	2.00	2.32	-0.11
SOFR	5.31	5.31	5.34	5.38	5.05	0.01
3-mo. EURIBOR	3.83	3.82	3.89	3.91	3.39	-0.55
6-mo. CD rate	2.33	2.33	2.33	2.23	1.90	0.16
30-yr fixed mortgage	7.08	7.08	6.91	6.76	6.57	3.15
Prime Rate	8.50	8.50	8.50	8.50	8.25	3.25

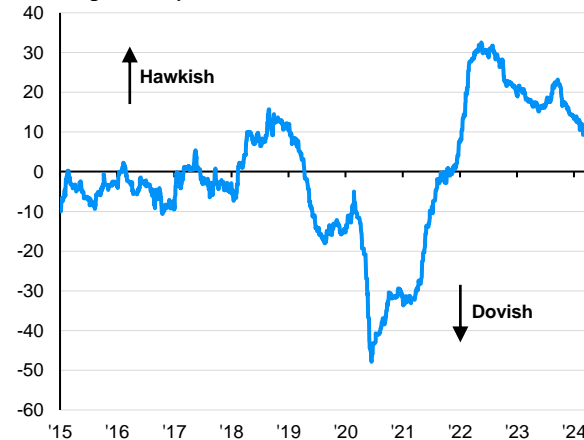
Index Characteristics				
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)	
20.73	4.55	1.32	44513	
18.46	4.88	1.77	13969	
22.86	1.91	1.30	2589	
27.32	11.76	0.67	26667	
15.88	2.44	2.09	21753	
14.34	1.84	2.99	17143	
12.64	1.65	2.78	7590	
27.38	6.14	0.71	27099	

Currencies	Levels		
	5/17/24	12/29/23	5/17/23
\$ per €	1.09	1.10	1.08
\$ per £	1.27	1.27	1.25
¥ per \$	155.42	140.98	137.43

Commod.	Levels		
	5/17/24	12/29/23	5/17/23
Oil (WTI)	79.25	71.89	72.78
Gasoline	3.61	3.12	3.54
Natural Gas	2.49	2.58	2.25
Gold	2403	2078	1974
Silver	29.68	23.79	23.69
Copper	10398	8476	8176
Corn	4.39	4.59	5.97
BBG Idx	247.75	226.43	225.18

Chart of the Week

J.P. Morgan Fed Speech Hawk-Dove Sentiment Score



Style Returns

	V	B	G
L	1.3	1.6	1.8
M	0.9	1.0	1.5
S	1.6	1.8	2.0
L	8.9	11.8	13.3
M	7.4	7.5	7.5
S	2.7	3.9	5.2

S&P 500 Sector Returns

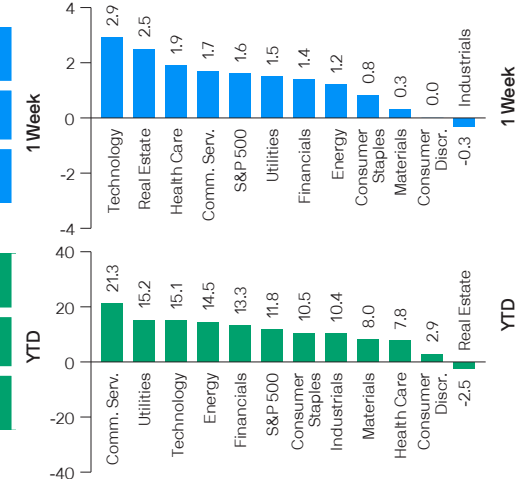




Chart of the Week: Source: Bloomberg, J.P. Morgan, J.P. Morgan Asset Management. The Hawk-Dove Sentiment Score is based on a natural language processing model and therefore does not necessarily reflect the judgement of any individual. The model is trained on data back to 1998.

Thought of the week: Source: BLS, J.P. Morgan, 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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