

# Weekly Market Recap

## The week in review

- Nonfarm payrolls rose by 272K
- ISM Services PMI rose to 53.8, up from 49.4
- ISM Manufacturing PMI fell to 48.7, down from 49.2
- Initial jobless claims rose to 229K

## The week ahead

- FOMC meeting
- CPI
- PPI

## Thought of the week

The European Central Bank (ECB) began hiking rates in August 2022, five months after the Fed. Since then, both central banks have largely raised rates in tandem. Last week, however, the ECB diverged from its usual alignment with the Fed and cut rates by 25bps to 3.75%. Despite a slight upside surprise in May's preliminary inflation data, inflation in Europe has stabilized since February, remaining relatively flat and below levels in the U.S.

This move by the ECB has sparked questions about the Federal Reserve's timeline. As shown in this week's chart, after last week's ECB cut, markets are pricing in 58bps of cuts in the eurozone and 39bps of cuts in the U.S. by the end of the year. In the very short run, the Fed seems determined not to ease until it is more confident about cutting inflation to 2%, and this week's cut from the ECB is very unlikely to prompt a cut next week from the Fed. On the other hand, if the ECB cuts again in September, the Fed may feel more pressure to cut to prevent an unwanted rise in the exchange rate.

While an even stronger dollar could further dampen inflation, it could also further worsen our yawning trade gap and hurt companies that derive a significant share of their revenues from overseas. Investors should also remain aware of how a strong dollar could impact the value of overseas investments. However, the Fed is also aware of these risks, suggesting that the Fed may not be too far behind the ECB if inflation continues to fall on both sides of the Atlantic.

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	5347	1.36	2.04	12.81	27.21	32.57
Dow Jones 30	38799	0.33	-2.15	3.86	17.62	19.09
Russell 2000	5036	-2.07	-4.39	0.56	8.96	-8.87
Russell 1000 Growth	2336	2.72	4.25	16.15	35.70	39.99
Russell 1000 Value	1064	-0.82	-2.04	6.76	16.36	15.77
MSCI EAFE	2369	0.61	2.07	8.12	16.59	10.30
MSCI EM	1073	2.37	3.46	5.98	11.18	-14.89
NASDAQ	17133	2.40	4.75	14.51	31.75	26.36

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	5.06	0.44	-0.44	-1.21	2.44	-8.68
U.S. Corporates	5.50	0.36	-0.36	-0.76	5.47	-7.72
Municipals (10yr)	3.50	1.05	-1.49	-2.02	1.91	-2.85
High Yield	8.11	0.43	0.58	2.06	10.73	5.48

Key Rates	Levels (%)					
	6/7/24	5/31/24	3/29/24	12/29/23	6/7/23	6/7/21
2-yr U.S. Treasuries	4.87	4.89	4.59	4.23	4.56	0.16
10-yr U.S. Treasuries	4.43	4.51	4.20	3.88	3.79	1.57
30-yr U.S. Treasuries	4.55	4.65	4.34	4.03	3.95	2.25
10-yr German Bund	2.62	2.65	2.30	2.00	2.43	-0.20
SOFR	5.33	5.34	5.34	5.38	5.05	0.01
3-mo. EURIBOR	3.76	3.79	3.89	3.91	3.46	-0.55
6-mo. CD rate	2.33	2.36	2.33	2.23	1.92	0.16
30-yr fixed mortgage	7.07	7.07	6.91	6.76	6.81	3.15
Prime Rate	8.50	8.50	8.50	8.50	8.25	3.25

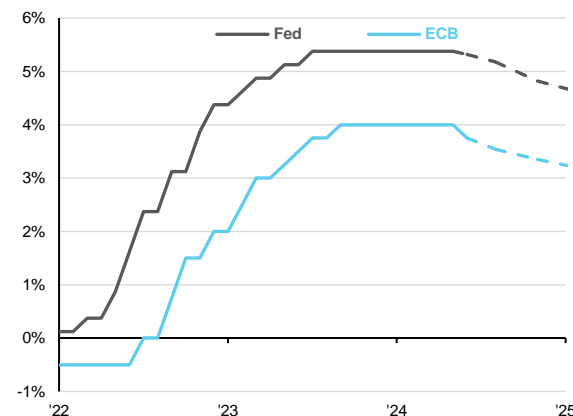
Index Characteristics				
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)	
20.68	4.55	1.31	44880	
17.80	4.80	1.82	13922	
21.75	1.88	1.34	2505	
27.60	11.76	0.65	27305	
15.43	2.41	2.13	21294	
14.23	1.84	2.76	16932	
12.28	1.64	2.29	7449	
27.57	6.19	0.69	27809	

Currencies	Levels		
	6/7/24	12/29/23	6/7/23
\$ per €	1.08	1.10	1.07
\$ per £	1.27	1.27	1.25
¥ per \$	156.83	140.98	139.74

Commod.	Levels		
	6/7/24	12/29/23	6/7/23
Oil (WTI)	75.52	71.89	72.52
Gasoline	3.52	3.12	3.54
Natural Gas	2.82	2.58	2.13
Gold	2311	2078	1967
Silver	30.27	23.79	23.59
Copper	9840	8476	8352
Corn	4.41	4.59	6.41
BBG Idx	239.29	226.43	224.21

## Chart of the Week

Historical policy rates and forward curves  
Target policy rates and market implied forward rates



## Style Returns

	V	B	G
L	-0.8	1.4	2.7
M	-1.6	-1.2	-0.1
S	-2.5	-2.1	-1.6
	V	B	G
L	6.8	12.8	16.1
M	4.5	4.4	4.2
S	-1.7	0.6	2.9

## S&P 500 Sector Returns

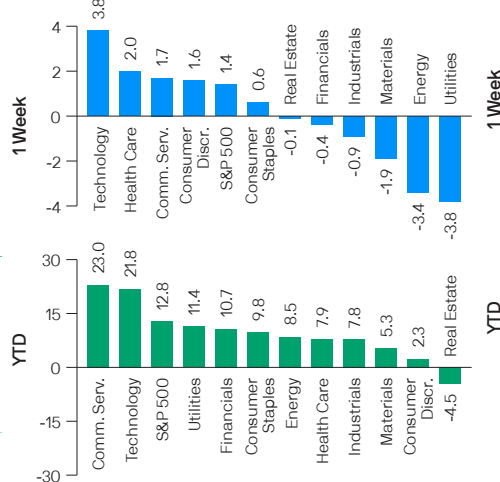




Chart of the Week: Source: Bloomberg, J.P. Morgan Asset Management. Implied policy rates are sourced from Bloomberg and are derived from overnight index swaps.

Thought of the week: Source: Bloomberg, J.P. Morgan Asset Management. Implied policy rates are sourced from Bloomberg and are derived from overnight index swaps.

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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