

Weekly Market Recap

The week in review

- Headline PCE grew 0.1% m/m (2.6% y/y)
- Consumer sentiment increased to 68.2
- New home sales fell 11.3% m/m

The week ahead

- JOLTS
- FOMC minutes
- ISM PMIs
- Employment report

Thought of the week

Railroads, plastic, cars, oil, landlines, internet. AI might be new, but innovations that spur secular investment cycles are not. Companies in these high growth industries have long leveraged their first mover advantage to develop seemingly impenetrable moats, allowing some to dominate the S&P 500's top 10 podium for decades. But entropy is inevitable. This week's chart looks at how the S&P 500 market share of each year's top 10 cohort evolves over the following 5 years.

The red line shows the cohort's initial share, and the grey lines maps their progress. On average, the top 10's share fell from 21% initially to 14% by year 5 and 10% by year 10. This downward trend held for every year from 1999 to 2015. Since 2016, however, not only have the cohorts gained share, but also the initial share of subsequent cohorts has been increasing. Currently, we're sitting at a 50-year high with 36% of the S&P 500 concentrated in the 10 largest companies.

These predominantly megacap tech names have rapidly gained additional share as the market crowned them AI's biggest beneficiaries. While this could be true, paradigm shifts like the internet and AI make the future even more uncertain. Only one tech name from 2000's top 10 remains in the list today. Luckily, today's tech sector is trading at a P/E of ~30x vs. a peak of ~70x in 2000. So, while investors can ease their bubble woes, a healthy dose of wariness about high concentration at elevated valuations is warranted.

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	5460	-0.06	0.00	15.29	26.67	33.38
Dow Jones 30	39119	-0.08	0.00	4.79	17.92	21.30
Russell 2000	5089	1.33	0.00	1.73	11.90	-7.98
Russell 1000 Growth	2427	0.18	0.00	20.70	35.65	37.97
Russell 1000 Value	1061	-0.21	0.00	6.62	14.96	17.57
MSCI EAFE	2315	0.37	0.00	5.75	13.10	9.52
MSCI EM	1086	0.08	0.00	7.68	12.87	-13.73
NASDAQ	17733	0.26	0.00	18.57	31.49	25.23

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	5.00	-0.65	0.00	-0.71	2.13	-8.67
U.S. Corporates	5.48	-0.65	0.00	-0.49	4.46	-8.60
Municipals (10yr)	3.45	-0.27	0.00	-1.57	1.77	-2.26
High Yield	8.09	0.04	0.00	2.58	10.72	5.19

Key Rates	Levels (%)					
	6/28/24	6/21/24	6/28/24	12/29/23	6/28/23	6/28/21
2-yr U.S. Treasuries	4.71	4.70	4.71	4.23	4.71	0.25
10-yr U.S. Treasuries	4.36	4.25	4.36	3.88	3.71	1.49
30-yr U.S. Treasuries	4.51	4.39	4.51	4.03	3.81	2.10
10-yr German Bund	2.47	2.40	2.47	2.00	2.34	-0.18
SOFR	5.34	5.31	5.34	5.38	5.06	0.05
3-mo. EURIBOR	3.71	3.69	3.71	3.91	3.60	-0.54
6-mo. CD rate	N/A	2.35	N/A	2.23	N/A	0.16
30-yr fixed mortgage	6.93	6.93	6.93	6.76	6.75	3.20
Prime Rate	8.50	8.50	N/A	8.50	8.25	3.25

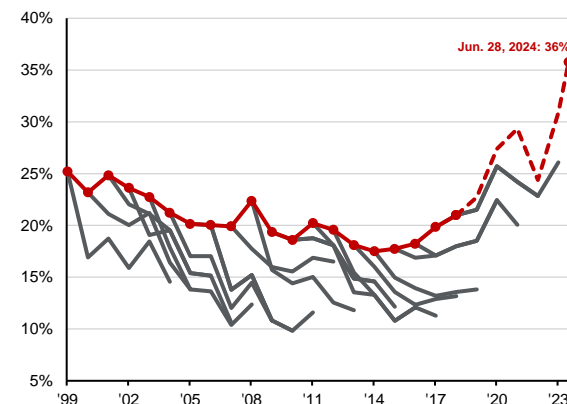
Index Characteristics			
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)
21.01	4.59	1.28	45843
17.87	4.79	1.81	14377
21.74	1.88	1.33	2528
28.41	11.88	0.63	28363
15.28	2.41	2.14	21235
13.94	1.83	2.82	16544
12.39	1.66	2.26	7548
28.15	6.27	0.67	28709

Currencies	Levels		
	6/28/24	12/29/23	6/28/23
\$ per €	1.07	1.10	1.09
\$ per £	1.26	1.27	1.26
¥ per \$	160.86	140.98	144.55

Commod.	Levels		
	6/28/24	12/29/23	6/28/23
Oil (WTI)	81.74	71.89	69.54
Gasoline	3.44	3.12	3.57
Natural Gas	2.68	2.58	2.71
Gold	2331	2078	1908
Silver	29.37	23.79	22.61
Copper	9477	8476	8268
Corn	4.03	4.59	6.11
BBG Idx	238.08	226.43	224.11

Chart of the Week

Five-year change in market share of the top 10 companies % of S&P 500 market cap



Style Returns

	V	B	G
L	-0.2	-0.1	0.2
M	-0.2	-0.2	-0.2
S	1.8	1.3	0.9
	V	B	G
L	6.6	15.3	20.7
M	4.5	5.0	6.0
S	-0.8	1.7	4.4

S&P 500 Sector Returns

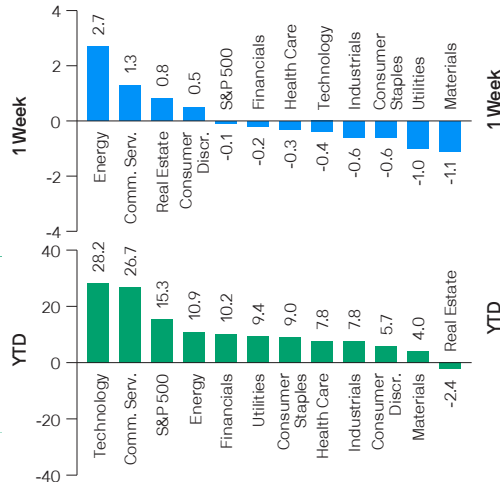




Chart of the Week: Bloomberg, FactSet, Standard & Poor's, J.P. Morgan Asset Management. Each year's top 10 was identified using market capitalization on the last trading day of the year.

Thought of the week: Bloomberg, 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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