

# Weekly Market Recap

## The week in review

- Retail sales were flat in June but rose 0.4% m/m ex-autos
- Industrial production rose 0.6% m/m
- Initial jobless claims jumped to 243K from 223K

## The week ahead

- 2Q GDP (first estimate)
- Markit PMIs
- PCE

## Thought of the week

Like 2022, 2023 was a stagnant year for private equity (PE). Against a backdrop of higher interest rates and economic uncertainty, PE exit activity slowed as buyers and sellers struggled to find common ground on valuations. However, recent data suggest that the worst of the exit activity slump may be behind us.

According to data and estimates from PitchBook, the dollar value of U.S. PE exits rose roughly 15% y/y in 1H24. This is, in part, due to a rebound in IPO exits, which likely owes to a buoyant public equity market and improved clarity on the outlook for interest rates and the economy. That said, the asset class is not out of the woods quite yet. Exits remain far below 2021 levels as public listings remain notably subdued. Corporate and sponsor acquisitions have also fallen, but to a lesser extent, and corporate acquisitions now make up a larger share of exits than normal. Moreover, the number of deals in 1H24, including estimates, rose just 1.3% y/y, while the ratio of PE exits to investments fell to 0.36x in 2Q24 as managers remain focused on putting a near record \$3.9tn of dry powder to work.

For public markets, even small improvements in PE exit activity should benefit financials by way of more robust capital market activity. This is already playing out in the 2Q earnings season, with many large banks beating earnings expectations thanks to surging investment banking revenues. However, with interest rates likely to fall slowly rather than drop precipitously, exit activity may take longer to return to normal. As such, opportunities in secondaries, which can provide existing limited partners with liquidity and prospective buyers the chance to invest in seasoned assets at a discount, look increasingly attractive.

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	5505	-1.95	0.88	16.30	22.40	35.46
Dow Jones 30	40288	0.73	3.07	8.01	17.27	26.12
Russell 2000	5429	1.69	6.72	8.57	11.72	6.97
Russell 1000 Growth	2408	-3.95	-0.76	19.78	27.76	36.55
Russell 1000 Value	1092	0.67	3.04	9.87	14.12	24.38
MSCI EAFE	2361	-2.39	2.01	7.87	11.39	15.04
MSCI EM	1090	-2.95	0.77	8.50	10.04	-9.17
NASDAQ	17727	-3.65	-0.02	18.55	24.42	27.15

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	4.81	-0.33	1.21	0.49	3.13	-8.77
U.S. Corporates	5.30	-0.44	1.34	0.85	5.15	-8.83
Municipals (10yr)	3.36	0.13	0.65	-0.94	1.96	-2.58
High Yield	7.87	0.30	1.39	4.01	10.56	6.71

Key Rates	Levels (%)					
	7/19/24	7/12/24	6/28/24	12/29/23	7/19/23	7/19/21
2-yr U.S. Treasuries	4.49	4.45	4.71	4.23	4.74	0.21
10-yr U.S. Treasuries	4.25	4.18	4.36	3.88	3.75	1.19
30-yr U.S. Treasuries	4.45	4.39	4.51	4.03	3.84	1.81
10-yr German Bund	2.47	2.49	2.47	2.00	2.42	-0.40
SOFR	5.34	5.34	5.33	5.38	5.05	0.05
3-mo. EURIBOR	3.70	3.66	3.71	3.91	3.65	-0.55
6-mo. CD rate	N/A	2.30	2.38	2.23	N/A	0.15
30-yr fixed mortgage	6.87	6.87	7.03	6.76	6.87	3.11
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)	
21.03	4.61	1.27	46226	
18.28	4.85	1.76	14615	
24.32	1.86	1.33	2593	
28.96	11.96	0.54	26586	
15.92	2.52	2.04	23834	
14.00	1.83	2.81	16861	
12.25	1.67	2.26	7569	
27.82	6.25	0.65	28702	

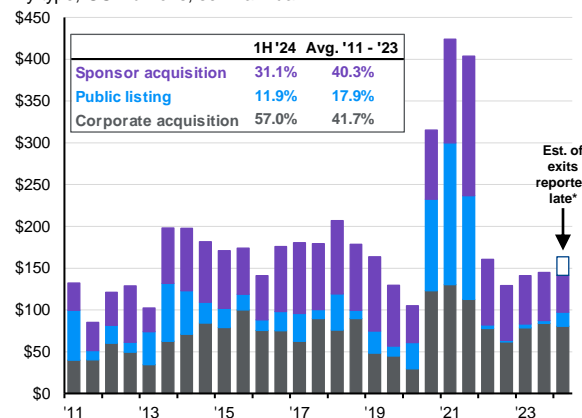
Currencies	Levels		
	7/19/24	12/29/23	7/19/23
\$ per €	1.09	1.10	1.12
\$ per £	1.29	1.27	1.29
¥ per \$	157.34	140.98	139.61

Commod.	Levels		
	7/19/24	12/29/23	7/19/23
Oil (WTI)	82.84	71.89	75.40
Gasoline	3.50	3.12	3.56
Natural Gas	2.13	2.58	2.51
Gold	2404	2078	1975
Silver	29.11	23.79	25.02
Copper	9214	8476	8354
Corn	3.93	4.59	6.05
BBG Idx	230.52	226.43	236.43

## Chart of the Week

### U.S. private equity exit activity

By type, USD billions, semi-annual



## Style Returns

	V	B	G
L	0.7	-1.9	-3.9
M	0.6	0.0	-1.7
S	3.0	1.7	0.4
L	9.9	16.3	19.8
M	8.2	7.9	6.8
S	7.1	8.6	10.1

## S&P 500 Sector Returns

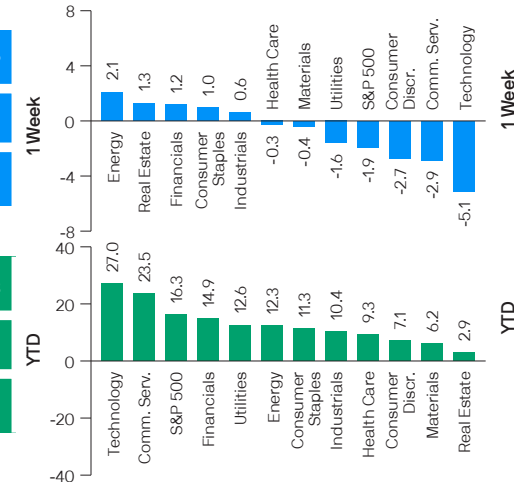




Chart of the Week: PitchBook, J.P. Morgan Asset Management. Data are sourced from PitchBook's "Q2 2024 U.S. PE Breakdown" and are as of 6/30/2024. Public listings include IPOs and reverse mergers. \*1H24 data includes PitchBook estimates for late reporting deals.

Thought of the week: PitchBook, Prequin, 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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**Diversification does not guarantee investment returns and does not eliminate the risk of loss.**

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