

Weekly Market Recap

The week in review

- Headline CPI rose 2.5% y/y, matching expectations
- PPIs came in slightly above expectations at 0.2% m/m
- ECB cut rates by 25bps to 3.5%

The week ahead

- FOMC meeting
- Retail sales
- Housing starts

Thought of the week

It's all relative when it comes to growth. S&P 500 4Q earnings are expected to grow by 16% y/y and 14% ex-Magnificent 7. However, it's important to put these numbers in the context of the 2022 earnings recession. This week's chart looks at each sector's 2Q24 and 4Q24 earnings relative to the maximum EPS achieved between 4Q21 and 1Q24. In every sector except Financials, 2Q24 earnings, the blue bar, were still below their previous maximum, represented by the grey bar.

Among Tech and Mag 7 companies, the base rate effect is especially pronounced. These names have seen extremely strong growth over the past few quarters, but they also experienced the largest contractions in 2022. Tech sector earnings had a maximum drawdown of 17% and didn't fully recover until 4Q23. Similarly, Mag 7 earnings fell 40% from 4Q21 to 2Q22, and again, didn't fully rebound until the end of 2023. Looking ahead, the large gap between 2Q24 reality and 4Q24 expectations will be a high hurdle to beat.

Tech got an early boost from AI enthusiasm, but other sectors are on the up and up as well. This past earnings season, the S&P 500 ex-Mag 7 saw positive EPS growth for the first time in five quarters, with 8 out of 11 sectors seeing gains. But the outlook for earnings growth is about more than just a recovery. If the economy sticks the soft landing, it should make for a supportive environment for many more than just 7 companies.

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	5626	4.06	3.33	19.13	27.80	31.93
Dow Jones 30	41394	2.62	6.26	11.35	22.07	26.18
Russell 2000	5424	4.39	6.86	8.71	20.35	1.71
Russell 1000 Growth	2440	6.05	0.67	21.51	32.47	30.89
Russell 1000 Value	1127	1.98	6.69	13.76	20.68	23.46
MSCI EAFE	2411	1.21	4.55	10.56	19.60	11.41
MSCI EM	1082	0.80	0.54	8.26	14.38	-8.69
NASDAQ	17684	5.98	-0.12	18.43	29.00	19.91

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	4.14	0.51	5.68	4.93	10.00	-4.59
U.S. Corporates	4.69	0.63	5.97	5.45	12.32	-4.65
Municipals (10yr)	3.09	0.18	2.39	0.77	5.59	-0.69
High Yield	7.38	0.40	4.27	6.97	13.41	8.11

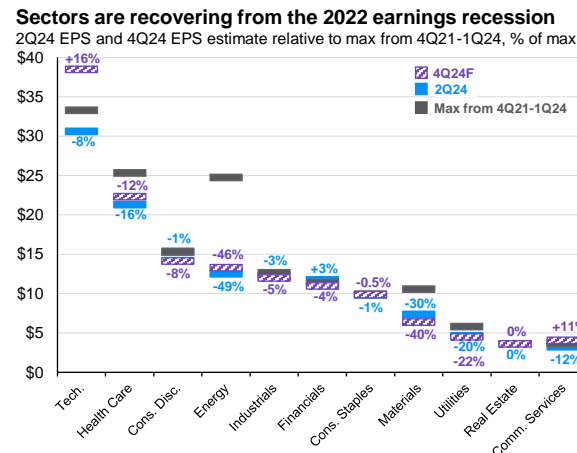
Key Rates	Levels (%)					
	9/13/24	9/6/24	6/28/24	12/29/23	9/13/23	9/13/21
2-yr U.S. Treasuries	3.57	3.66	4.71	4.23	4.96	0.21
10-yr U.S. Treasuries	3.66	3.72	4.36	3.88	4.25	1.33
30-yr U.S. Treasuries	3.98	4.03	4.51	4.03	4.34	1.91
10-yr German Bund	2.15	2.18	2.47	2.00	2.65	-0.34
SOFR	5.33	5.34	5.33	5.38	5.30	0.05
3-mo. EURIBOR	3.47	3.47	3.71	3.91	3.85	-0.54
6-mo. CD rate	2.32	2.31	2.38	2.23	2.17	0.15
30-yr fixed mortgage	6.29	6.29	7.03	6.76	7.27	3.03
Prime Rate	8.50	8.50	8.50	8.50	8.50	3.25

Index Characteristics				
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)	
21.05	4.68	1.26	47250	
18.68	4.94	1.71	14228	
24.15	1.86	1.32	2582	
28.19	12.01	0.55	26938	
16.29	2.60	2.00	24609	
13.70	1.80	2.98	17132	
11.80	1.65	2.67	7649	
26.92	6.26	0.66	28659	

Currencies	Levels		
	9/13/24	12/29/23	9/13/23
\$ per €	1.11	1.10	1.07
\$ per £	1.32	1.27	1.25
¥ per \$	140.65	140.98	147.51

Commod.	Levels		
	9/13/24	12/29/23	9/13/23
Oil (WTI)	68.94	71.89	88.59
Gasoline	3.24	3.12	3.82
Natural Gas	2.36	2.58	2.76
Gold	2575	2078	1914
Silver	29.97	23.79	22.91
Copper	9081	8476	8353
Corn	3.96	4.59	4.77
BBG Idx	229.26	226.43	241.64

Chart of the Week



Style Returns

	V	B	G
L	2.0	4.1	6.0
M	2.6	3.2	5.0
S	3.7	4.4	5.1
L	13.8	19.1	21.5
M	12.0	11.4	9.3
S	7.3	8.7	10.2

S&P 500 Sector Returns

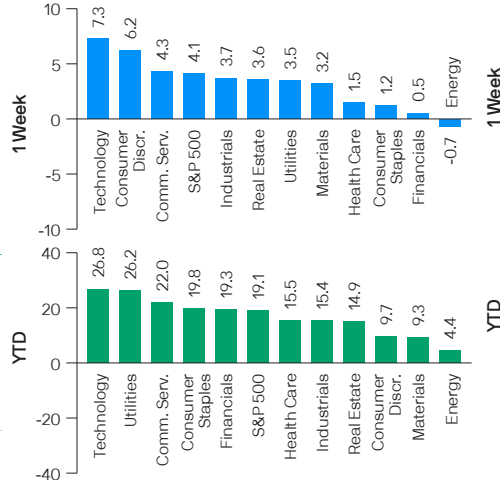




Chart of the Week: Source: FactSet, J.P. Morgan Asset Management. Data are as of September 10, 2024.

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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