

Weekly Market Recap

The week in review

- Headline CPI rose 0.2% m/m (2.6% y/y)
- Headline PPI also rose 0.2% m/m (2.4% y/y)
- Retail sales rose 0.4% m/m

The week ahead

- Housing data
- Markit PMIs
- Consumer sentiment

Thought of the week

In September, the Fed kicked off its cutting cycle because “the balance of risks” had shifted. But subsequent economic data and the election results could be shifting it back. This week’s chart shows both growth and the labor market are tracking stronger than the Fed expected, posing upside risk to inflation.

Core PCE has come down since 2022, but progress has stalled over the past few months. Both CPI and PPI rose solidly this month, increasing estimates for October PCE. Moreover, the housing inflation driving CPI is unlikely to alleviate anytime soon. The ~75bp sell-off in the U.S. 10-year since the first cut has pushed mortgage rates from 6.1% to 6.8%, and housing purchase activity remains near its lowest level since 1995.

While Powell stated at the November meeting “in the near term, the election will have no effects on our policy decisions,” investors are likely more concerned about the long term. Several of Trump’s top priorities are somewhat inflationary. Immigration restrictions could re-heat the labor market, stoking wage growth, and tariffs could increase prices. This, combined with a potential trade-war supply chain disruption, could reverse recent disinflation progress in goods.

Altogether, risk seems more skewed toward inflation than in September. December revisions to the dot plot should reflect this, but the Fed will likely stay the cutting course. However, markets are currently only pricing ~70bps of easing by the end of 2025, compared to ~95bps before the election and ~160bps after the September meeting. Investors should be aware future easing could progress slower and end quicker than previously expected. *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	5871	-2.05	2.03	24.56	32.22	31.36
Dow Jones 30	43445	-1.17	2.79	17.11	26.59	27.96
Russell 2000	5726	-3.96	3.44	14.99	29.73	0.22
Russell 1000 Growth	2580	-2.73	3.25	28.59	36.04	31.20
Russell 1000 Value	1172	-1.16	1.68	18.65	27.81	23.46
MSCI EAFE	2275	-2.57	-7.66	4.81	12.46	5.67
MSCI EM	1085	-4.44	-7.23	8.76	13.58	-7.53
NASDAQ	18680	-3.13	2.76	25.20	33.39	20.67

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	4.85	-0.85	-2.98	1.33	7.12	-6.53
U.S. Corporates	5.25	-1.13	-2.81	2.37	9.48	-5.83
Municipals (10yr)	3.39	0.18	-1.09	-0.08	4.89	-0.79
High Yield	7.48	-0.36	-0.11	7.88	13.56	9.43

Key Rates	Levels (%)					
	11/15/24	11/8/24	9/30/24	12/29/23	11/15/23	11/15/21
2-yr U.S. Treasuries	4.31	4.26	3.66	4.23	4.90	0.53
10-yr U.S. Treasuries	4.43	4.30	3.81	3.88	4.53	1.63
30-yr U.S. Treasuries	4.60	4.47	4.14	4.03	4.68	2.01
10-yr German Bund	2.36	2.36	2.12	2.00	2.64	-0.25
SOFR	4.58	4.60	4.96	5.38	5.32	0.05
3-mo. EURIBOR	3.00	3.03	3.28	3.91	3.99	-0.56
6-mo. CD rate	2.31	2.35	2.29	2.23	2.18	0.15
30-yr fixed mortgage	7.33	7.23	6.68	6.99	7.75	3.18
Prime Rate	7.75	7.75	8.00	8.50	8.50	3.25

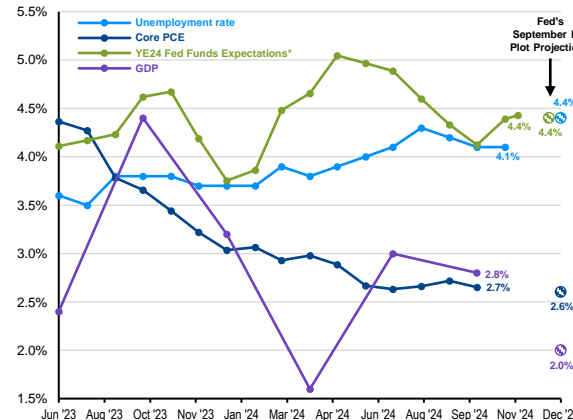
Index Characteristics			
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)
21.74	4.89	1.22	49632
20.26	5.46	1.63	0.00
25.92	1.19	1.25	2724
28.73	12.47	0.54	28397
16.95	2.71	1.95	25578
13.71	1.79	3.07	16179
11.96	1.70	2.57	7673
27.46	6.48	0.66	30275

Currencies	Levels		
	11/15/24	12/29/23	11/15/23
\$ per €	1.05	1.10	1.09
\$ per £	1.26	1.27	1.24
¥ per \$	154.95	140.98	150.91

Commod.	Levels		
	11/15/24	12/29/23	11/15/23
Oil (WTI)	68.68	71.89	77.15
Gasoline	3.05	3.12	3.35
Natural Gas	2.78	2.58	2.88
Gold	2572	2078	1958
Silver	30.66	23.79	23.41
Copper	9055	8476	8169
Corn	4.20	4.59	4.66
BBG Idx	230.90	226.43	235.74

Chart of the Week

The economy looks stronger than the Fed expected
Year-over-year growth for core PCE and GDP



Style Returns

	V	B	G
L	-1.2	-2.0	-2.7
M	-1.5	-1.6	-1.9
S	-2.9	-4.0	-5.0

	V	B	G
L	18.6	24.6	28.6
M	16.9	18.5	23.2
S	13.0	15.0	17.1

S&P 500 Sector Returns

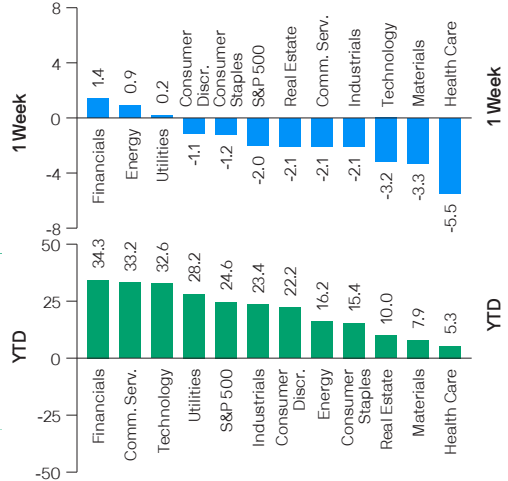




Chart of the Week: Source: Bloomberg, J.P. Morgan Asset Management. *YE24 fed funds expectations reflect market expectations for the fed funds rate after the 12/18/2024 committee meeting. Data are as of November 13, 2024.

Thought of the week: Source: Bloomberg, 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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