

Weekly Market Recap

The week in review

- CPI/Core CPI: 2.7%/3.3% y/y
- Initial claims jumped higher to 242K
- PPI rose 0.4% m/m

The week ahead

- Retail sales
- Housing starts
- FOMC

Thought of the week

This year's heightened bond market volatility has kept investors on their toes. With the Fed starting its easing cycle in September – later than initially anticipated – concerns are now emerging about whether the cycle will end sooner than expected. Last week's inflation report was in sharp focus as investors sought answers to three key questions: has inflation progress stalled, could proposed tariffs derail it and what might the Fed do next?

November's inflation readings matched expectations. Year-over-year headline inflation rose 0.1% to 2.7%, while core inflation, which better reflects underlying trends, flatlined at 3.3% for the third consecutive month. On the surface, this suggests stalling, but underlying details are more encouraging. As the chart of the week shows, core inflation is entirely being driven by core services, with core goods still in deflation on a year-over-year basis. Within core services, rents – which are responsible for more than half of core services inflation – have slowed to their weakest pace in more than three years, and new leases point to further moderation ahead. This suggests that inflation progress hasn't truly stalled, with more cooling in the pipeline.

However, President-elect Trump's proposed tariffs could reignite core goods inflation, derailing future progress. While the Fed has emphasized that it won't preemptively adjust policy, and it may well cut rates by 25bps this week, this concern could impact its projections, signaling fewer rate cuts in 2025.

Overall, with so much uncertainty around tariffs and inflation, bond market volatility is unlikely to fade anytime soon.

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	6051	-0.61	5.30	28.55	30.36	35.80
Dow Jones 30	43828	-1.78	3.95	18.43	20.36	30.64
Russell 2000	5833	-2.55	5.49	17.27	22.20	12.44
Russell 1000 Growth	2754	0.28	10.30	37.38	38.95	41.00
Russell 1000 Value	1164	-2.03	1.16	18.04	20.46	25.20
MSCI EAFE	2319	-1.52	-5.79	6.93	11.35	12.12
MSCI EM	1107	0.26	-5.23	11.11	17.07	-1.34
NASDAQ	19927	0.36	9.71	33.67	36.24	32.43

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	4.79	-1.38	-2.37	1.97	3.27	-6.59
U.S. Corporates	5.17	-1.40	-2.01	3.20	4.65	-5.87
Municipals (10yr)	3.33	-0.73	-0.49	0.52	1.97	-0.55
High Yield	7.39	-0.22	0.80	8.87	11.37	10.54

Key Rates	Levels (%)					
	12/13/24	12/6/24	9/30/24	12/29/23	12/13/23	12/13/21
2-yr U.S. Treasuries	4.25	4.10	3.66	4.23	4.46	0.66
10-yr U.S. Treasuries	4.40	4.15	3.81	3.88	4.04	1.42
30-yr U.S. Treasuries	4.61	4.34	4.14	4.03	4.19	1.81
10-yr German Bund	2.24	2.10	2.12	2.00	2.17	-0.38
SOFR	4.62	4.60	4.96	5.38	5.31	0.05
3-mo. EURIBOR	2.84	2.87	3.28	3.91	3.93	-0.60
6-mo. CD rate	2.31	2.31	2.29	2.23	2.22	0.14
30-yr fixed mortgage	7.13	6.95	6.68	6.99	7.27	3.25
Prime Rate	7.75	7.75	8.00	8.50	8.50	3.25

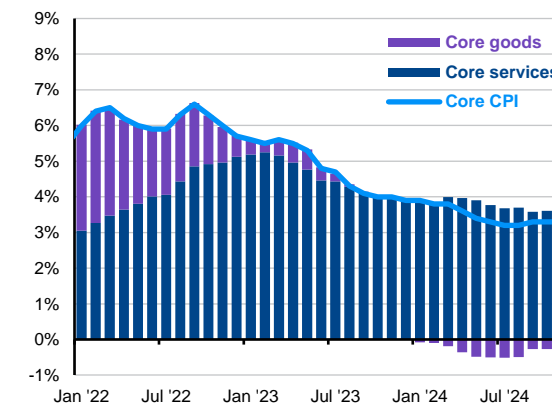
Index Characteristics				
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)	
22.15	5.07	1.18	51188	
20.21	5.54	1.61	19063	
25.63	1.15	1.23	2770	
30.08	13.29	0.50	30316	
16.71	2.71	1.96	25400	
13.98	1.83	3.02	16520	
12.31	1.78	2.20	7891	
28.83	6.96	0.61	32445	

Currencies	Levels		
	12/13/24	12/29/23	12/13/23
\$ per €	1.05	1.10	1.08
\$ per £	1.26	1.27	1.25
¥ per \$	153.69	140.98	145.16

Commod.	Levels		
	12/13/24	12/29/23	12/13/23
Oil (WTI)	70.00	71.89	69.09
Gasoline	3.01	3.12	3.14
Natural Gas	3.45	2.58	2.33
Gold	2659	2078	1983
Silver	30.74	23.79	22.73
Copper	8989	8476	8205
Corn	4.35	4.59	4.62
BBG Idx	237.90	226.43	220.77

Chart of the Week

Tariffs could reignite goods inflation, reversing progress
Contribution to y/y % change in core CPI, nsa



Style Returns

	V	B	G
L	-2.0	-0.6	0.3
M	-1.9	-2.3	-3.6
S	-1.8	-2.5	-3.3

	V	B	G
L	18.0	28.6	37.4
M	17.7	20.4	28.7
S	14.0	17.3	20.7

S&P 500 Sector Returns

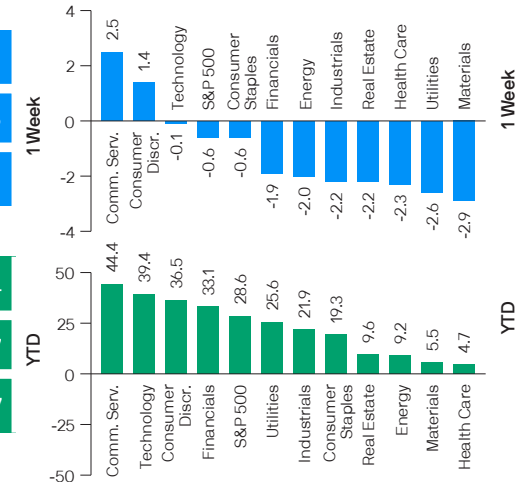




Chart of the Week: Source: Bloomberg, BLS, J.P. Morgan Asset Management.

Thought of the week: Source: Bloomberg, BLS, 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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