

# Weekly Market Recap

## The week in review

- Retail sales rose 0.2% m/m
- FOMC held rates at 4.25-4.50%

## The week ahead

- PMIs
- 3<sup>rd</sup> est. of 4Q24 GDP

## Thought of the week

Entering 2025, investors once again sang the chorus of U.S. exceptionalism. Driven by optimism around AI innovation from mega-cap tech and hopes of pro-business policies, they wondered—why look anywhere else? Yet two risks quietly played in the background: extreme market concentration and stretched valuations. U.S. equities accounted for nearly two-thirds of global markets, with the Magnificent Seven (Mag 7) alone comprising almost a third of the S&P 500. Valuations stood around 1.5 standard deviations above historical averages, leaving little room for disappointment.

Markets soared to new highs by mid-February, then the chorus changed. Policy uncertainty—from tariff whipsaws to fears of mass federal layoffs—triggered a rapid 10% correction, the seventh fastest since 1929. As our chart of the week shows, the Magnificent Seven quickly became the "Maleficent Seven," tumbling nearly 12% year-to-date and pulling the S&P 500 down 3.6%. Excluding these names, the index remained flat. Bitcoin, often touted as a hedge, also fell in lockstep (-13%), raising questions about its effectiveness during turmoil. Meanwhile, global markets—despite trade tensions—flourished on attractive valuations, a weaker dollar and fiscal tailwinds. China surged around 18%, fueled by AI breakthroughs rivaling the U.S., while Europe climbed nearly 16%, boosted by Germany's historic €500 billion defense spending plan.

This stark divergence underscores how quickly market sentiment can shift. Portfolios, if left unchecked, naturally drift toward recent winners, increasing concentration risk. That risk intensifies when those winners are priced for perfection—because when valuations snap back, the recoil is usually swift and painful. With policy uncertainty weighing on U.S. exceptionalism, investors would be wise to rebalance and look beyond familiar shores.

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             | 5668  | 0.53              | -3.34 | -3.34 | 9.60   | 33.07      |
| Dow Jones 30        | 41985 | 1.21              | -0.91 | -0.91 | 7.43   | 29.04      |
| Russell 2000        | 5112  | 0.65              | -7.51 | -7.51 | -0.65  | 4.05       |
| Russell 1000 Growth | 2464  | 0.30              | -7.68 | -7.68 | 9.96   | 40.41      |
| Russell 1000 Value  | 1139  | 1.01              | 1.63  | 1.63  | 7.99   | 21.32      |
| MSCI EAFE           | 2485  | 0.79              | 10.32 | 10.32 | 8.70   | 26.72      |
| MSCI EM             | 1131  | 1.16              | 5.72  | 5.72  | 11.08  | 11.31      |
| NASDAQ              | 17784 | 0.18              | -7.76 | -7.76 | 9.20   | 31.64      |

| Fixed Income      | Yield | Levels (%) |      |      |        |            |
|-------------------|-------|------------|------|------|--------|------------|
|                   |       | 1 week     | QTD  | YTD  | 1 year | 3-yr. Cum. |
| U.S. Aggregate    | 4.62  | 0.49       | 2.59 | 2.59 | 5.27   | 1.46       |
| U.S. Corporates   | 5.15  | 0.63       | 2.30 | 2.30 | 5.53   | 4.18       |
| Municipals (10yr) | 3.49  | 0.10       | 0.94 | 0.94 | 0.97   | 4.58       |
| High Yield        | 7.70  | 0.43       | 1.52 | 1.52 | 8.41   | 16.92      |

| Key Rates             | Levels (%) |         |          |          |         |         |
|-----------------------|------------|---------|----------|----------|---------|---------|
|                       | 3/21/25    | 3/14/25 | 12/31/24 | 12/31/24 | 3/21/24 | 3/21/22 |
| 2-yr U.S. Treasuries  | 3.94       | 4.02    | 4.25     | 4.25     | 4.62    | 2.14    |
| 10-yr U.S. Treasuries | 4.25       | 4.31    | 4.58     | 4.58     | 4.27    | 2.32    |
| 30-yr U.S. Treasuries | 4.59       | 4.62    | 4.78     | 4.78     | 4.44    | 2.55    |
| 10-yr German Bund     | 2.76       | 2.89    | 2.35     | 2.35     | 2.42    | 0.44    |
| SOFR                  | 4.29       | 4.30    | 4.49     | 4.49     | 5.31    | 0.29    |
| 3-mo. EURIBOR         | 2.39       | 2.48    | 2.71     | 2.71     | 3.93    | -0.49   |
| 6-mo. CD rate         | 1.88       | 1.87    | 2.29     | 2.29     | 2.28    | 0.15    |
| 30-yr fixed mortgage  | 6.73       | 6.71    | 7.28     | 7.28     | 7.12    | 4.53    |
| Prime Rate            | 7.50       | 7.50    | 7.50     | 7.50     | 8.50    | 3.50    |

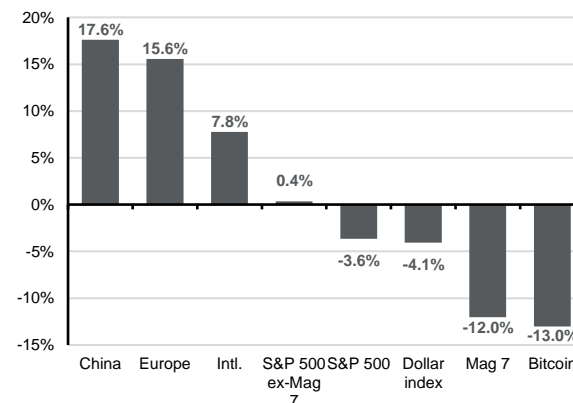
| Index Characteristics |       |           |               |
|-----------------------|-------|-----------|---------------|
| NTM P/E               | P/B   | Div. Yld. | Mkt. Cap (bn) |
| 20.37                 | 4.90  | 1.29      | 48016         |
| 19.07                 | 5.41  | 1.83      | 17378         |
| 22.89                 | 1.87  | 1.39      | 2425          |
| 25.89                 | 12.03 | 0.59      | 27054         |
| 16.26                 | 2.74  | 2.04      | 24802         |
| 14.35                 | 1.89  | 2.63      | 17558         |
| 12.40                 | 1.77  | 2.17      | 8066          |
| 25.00                 | 6.45  | 0.70      | 29042         |

| Currencies | Levels  |          |         |
|------------|---------|----------|---------|
|            | 3/21/25 | 12/31/24 | 3/21/24 |
| \$ per €   | 1.08    | 1.04     | 1.09    |
| \$ per £   | 1.29    | 1.25     | 1.27    |
| ¥ per \$   | 148.99  | 157.16   | 151.59  |

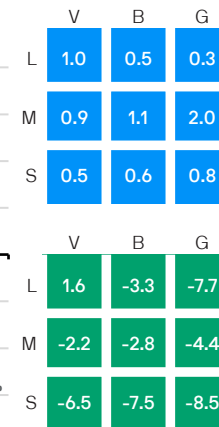
| Commod.     | Levels  |          |         |
|-------------|---------|----------|---------|
|             | 3/21/25 | 12/31/24 | 3/21/24 |
| Oil (WTI)   | 68.08   | 72.44    | 81.99   |
| Gasoline    | 3.06    | 3.01     | 3.45    |
| Natural Gas | 3.98    | 3.40     | 1.55    |
| Gold        | 3014    | 2609     | 2171    |
| Silver      | 33.18   | 28.91    | 25.43   |
| Copper      | 9829    | 8706     | 8874    |
| Corn        | 4.52    | 4.53     | 4.25    |
| BBG Idx     | 256.86  | 238.62   | 231.06  |

## Chart of the Week

**Policy uncertainty weighing on U.S. exceptionalism**  
Price index returns, USD, year-to-date



## Style Returns



## S&P 500 Sector Returns

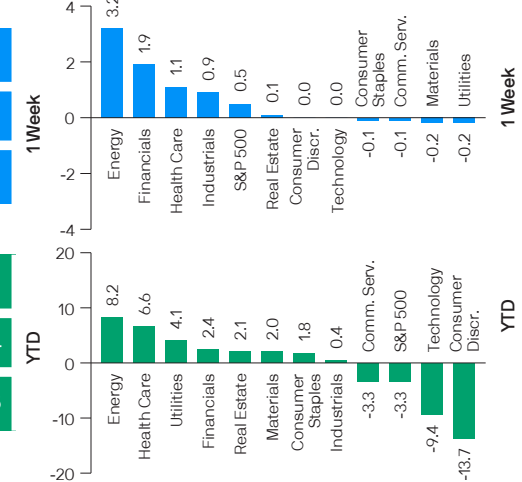




Chart of the Week: Source: Bloomberg, FactSet, J.P. Morgan Asset Management. Data are as of March 21, 2025.

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

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