

Weekly Market Recap

The week in review

- Pending home sales rose 3.3% m/m

The week ahead

- JOBS
- JOLTs
- PMIs

Thought of the week

Markets had a year of low lows and high highs, as two competing dynamics drove asset returns: tariffs and AI. In April, tariffs knocked down expectations for global growth, triggering a bond rally overseas and a stock sell-off worldwide. Abroad, the disinflationary shock opened the door for central bank easing in Europe, the UK and Canada. Governments also responded with fiscal stimulus to alleviate short-term pain and strengthen long-term self-sufficiency. Looser monetary and fiscal policy, along with trade deals, drove international equity markets and bond yields higher.

On the other hand, tariffs raised inflation expectations in the U.S., putting Fed easing on pause, while the administration pushed fiscal stimulus to 2026. Treasuries rallied, and for the first time since before the GFC, U.S. equities underperformed almost every other major region. However, S&P 500 returns only look weak in comparison. With a total return of 18%, the good of AI more than offset the ugly of tariffs. Tech sectors drove 60% of the S&P 500's return and earnings growth, but the rally did broaden out somewhat. AI capex is supporting industrials and energy companies, and banks benefited from increased capital markets activity. The Russell 1000 Value underperformed growth by less than 3%, down from 19% in 2024 and 31% in 2023.

This year, investors need to ensure their allocations to U.S. AI stocks are a bet on the future, not a reflection of past performance. As this enormous opportunity continues to coexist with extreme uncertainty, investors also need to diversify. International equity markets finally offer diversification without sacrificing returns, and uncorrelated alternative asset classes, like infrastructure and real estate, can bolster portfolios.

Please see important disclosures on next page.

Weekly Data Center

Index Returns (%)							Index Characteristics			
Equities	Level	1 week	QTD	YTD	1 year	3-yr. Cum.	NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)
S&P 500	6846	-1.21	2.66	17.88	17.88	86.11	22.31	5.36	1.10	58438
Dow Jones 30	48063	-1.33	4.03	14.92	14.92	53.53	20.69	5.59	1.67	20552
Russell 2000	6168	-2.02	2.19	12.81	12.81	47.12	24.13	2.12	1.19	2870
Russell 1000 Growth	3150	-1.49	1.12	18.56	18.56	125.59	29.28	13.80	0.48	32735
Russell 1000 Value	1279	-1.01	3.81	15.91	15.91	47.76	17.33	2.99	1.80	29844
MSCI EAFE	2893	-0.04	4.91	31.89	31.89	63.60	15.46	2.11	2.59	20456
MSCI EM	1404	0.53	4.78	34.36	34.36	60.18	13.36	2.11	1.89	10229
NASDAQ	23242	-1.48	2.72	21.14	21.14	127.03	27.78	7.32	0.18	39250
Levels										
Fixed Income	Yield	1 week	QTD	YTD	1 year	3-yr. Cum.	Currencies	12/31/25	12/31/24	Levels
U.S. Aggregate	4.32	0.01	1.10	7.30	7.30	14.65	\$ per €	1.17	1.04	
U.S. Corporates	4.82	-0.02	0.84	7.77	7.77	19.44	\$ per £	1.35	1.25	
Municipals (10yr)	3.23	0.10	1.74	5.92	5.92	11.68	¥ per \$	156.75	157.16	
High Yield	7.06	0.18	1.31	8.62	8.62	33.32	Commod.			12/31/25
12/31/25										
Key Rates	12/31/25	12/24/25	9/30/25	12/31/24	12/21/24	12/30/22	Commod.	12/31/25	12/31/24	12/31/24
2-yr U.S. Treasuries	3.47	3.47	3.47	4.25	4.25	4.41	Oil (WTI)	57.40	72.44	
10-yr U.S. Treasuries	4.18	4.15	4.18	4.58	4.58	3.88	Gasoline	2.81	3.01	
30-yr U.S. Treasuries	4.84	4.79	4.84	4.78	4.78	3.97	Natural Gas	3.69	3.40	
10-yr German Bund	2.86	2.87	2.86	2.35	2.35	2.53	Gold	4368	2609	
SOFR	3.71	3.66	3.71	4.49	4.49	4.30	Silver	71.99	28.91	
3-mo. EURIBOR	2.03	2.02	2.03	2.71	2.71	2.13	Copper	12504	8706	
6-mo. CD rate	1.89	1.90	1.88	2.29	2.29	1.80	Corn	4.37	4.53	
30-yr fixed mortgage	6.25	6.29	6.25	7.28	7.28	6.66	BBG Idx	276.25	238.62	
Prime Rate	6.75	6.75	6.75	7.50	7.50	7.50	1 Week			1 Week
1 Week										
Style Returns							S&P 500 Sector Returns			
V	-1.0	-1.2	-1.5				Real Estate	0.9		
B	-1.5	-1.6	-2.2				Utilities	-0.3		
G	-2.1	-2.5	-2.9				Comm. Serv.	-0.4		
L	15.9	17.9	18.6				Consumer Staples	-0.5		
M	11.0	10.6	8.7				Health Care	-0.5		
S	12.6	12.8	13.0				Materials	-0.6		
1 Week										
1 Week							1 Week	1 Week	1 Week	1 Week
YTD							1 Week	1 Week	1 Week	1 Week
Comm. Serv.	33.6						Real Estate	-0.3		
Technology	24.0						Utilities	-0.4		
Industrials	19.4						Comm. Serv.	-0.5		
S&P 500	17.9						Consumer Staples	-0.5		
Utilities	16.0						Health Care	-0.6		
Financials	15.0						Materials	-1.2		
Health Care	14.6						Technology	-1.3		
Materials	10.5						Industrials	-1.5		
Energy	8.7						Financials	-1.7		
Consumer Discr.	6.0						Consumer Staples	-2.5		
Consumer Staples	3.9						Real Estate	-3.2		
Real Estate	3.2									

Chart of the Week: Source: Bloomberg, FactSet, FTSE Russell, MSCI, Standard & Poor's, J.P. Morgan Asset Management.

Thought of the week: Source: FTSE Russell, Standard & Poor's, J.P. Morgan Asset Management. Tech sectors are defined as information technology and communication services.

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 composed 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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