

Weekly Market Recap

The week in review

- House price index edged up 1.4% y/y in Dec
- Initial claims rose slightly to 212K
- Core PPI increased 0.8% m/m in Jan

The week ahead

- Unemployment rate
- Nonfarm payrolls
- Retail sales

Thought of the week

After declining over 9% last year, marking its worst performance since 2017, the dollar has remained under pressure this year. Investors are questioning whether this reflects a structural shift away from the U.S. and how they should position portfolios.

A recent Bank for International Settlements report suggests demand for U.S. assets has largely held steady. What has changed is *how* foreign investors hold these assets. For years after the GFC, they bought U.S. assets unhedged, riding the wave of dollar appreciation. However, increased uncertainty, especially after shifts in U.S. trade policy, has led many to raise hedge ratios, putting downward pressure on the greenback. So, it was more 'Hedge America' than 'Sell America' that drove the dollar down.

Additionally, the narrowing in interest rate differentials, as shown in the chart of the week, has contributed to the dollar's weakness. The 2-year yield reflects market expectations for the policy path. Currently, markets are pricing in 25 to 50bps of Fed cuts this year, while the Bank of Japan and Reserve Bank of Australia are expected to hike. If policy outcomes exceed what's priced in, the yield differential could compress further, adding pressure on the dollar.

Lastly, even after its recent slide, the dollar remains about 35% above its GFC lows. This suggests the administration may be comfortable with some additional weakness, particularly as it would support efforts to narrow the trade deficit. For investors, a softer dollar could amplify returns abroad, strengthening the case for international diversification at a time when portfolios remain heavily tilted toward the U.S.

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	6879	-0.42	0.68	0.68	18.86	80.18
Dow Jones 30	48978	-1.28	2.12	2.12	15.23	57.50
Russell 2000	6542	-1.15	6.20	6.20	24.71	44.89
Russell 1000 Growth	2996	-0.79	-4.82	-4.82	16.81	100.13
Russell 1000 Value	1368	0.14	7.28	7.28	19.96	55.71
MSCI EAFE	3180	1.24	10.11	10.11	34.24	69.85
MSCI EM	1611	2.83	14.86	14.86	47.24	81.59
NASDAQ	22668	-0.94	-2.39	-2.39	23.02	101.97

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	4.16	0.54	1.75	1.75	6.68	16.25
U.S. Corporates	4.74	0.21	1.47	1.47	6.91	20.43
Municipals (10yr)	2.90	0.23	2.37	2.37	6.33	13.60
High Yield	7.16	-0.22	0.69	0.69	7.22	31.14

Key Rates	Levels (%)					
	2/27/26	2/20/26	12/31/25	12/31/25	2/27/25	2/27/23
2-yr U.S. Treasuries	3.38	3.48	3.47	3.47	4.07	4.78
10-yr U.S. Treasuries	3.97	4.08	4.18	4.18	4.29	3.92
30-yr U.S. Treasuries	4.64	4.72	4.84	4.84	4.56	3.93
10-yr German Bund	2.67	2.74	2.86	2.86	2.43	2.58
SOFR	3.67	3.66	3.87	3.87	4.36	4.55
3-mo. EURIBOR	2.01	2.02	2.03	2.03	2.49	2.72
6-mo. CD rate	1.84	1.85	1.88	1.88	1.86	1.81
30-yr fixed mortgage	6.12	6.20	6.25	6.25	6.85	7.01
Prime Rate	6.75	6.75	6.75	6.75	7.50	7.75

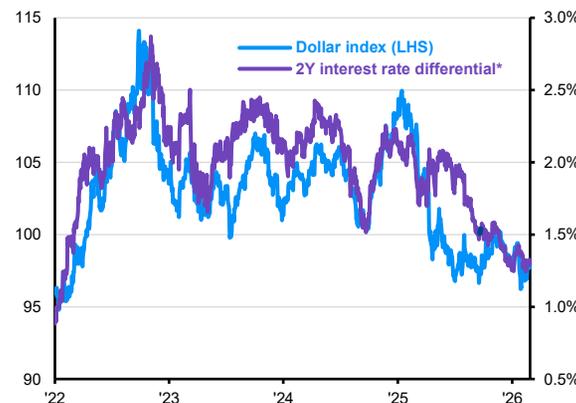
Index Characteristics				
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)	
21.45	5.21	1.11	58787	
20.35	5.44	1.64	19823	
24.41	2.14	1.11	3021	
26.09	12.32	0.51	31148	
17.90	3.13	1.69	31918	
16.45	2.30	2.39	22457	
13.21	2.35	1.70	11730	
25.52	6.93	0.56	38451	

Currencies	Levels		
	2/27/26	12/31/25	2/27/25
\$ per €	1.18	1.17	1.04
\$ per £	1.34	1.35	1.26
¥ per \$	156.13	156.75	149.97

Commod.	Levels		
	2/27/26	12/31/25	2/27/25
Oil (WTI)	65.21	57.26	70.62
Gasoline	2.94	2.81	3.13
Natural Gas	2.83	4.00	3.91
Gold	5222	4368	2881
Silver	89.98	71.99	31.73
Copper	13440	12504	9416
Corn	4.40	4.37	4.48
BBG Idx	308.23	276.25	253.67

Chart of the Week

Mind the gap: Narrowing yield gap driving dollar decline
 DXY, difference between U.S. and international 2-year yields*



Style Returns

	V	B	G
L	0.1	-0.4	-0.8
M	0.2	0.2	0.4
S	-1.8	-1.2	-0.6
	V	B	G
L	7.3	0.7	-4.8
M	9.2	7.0	-0.1
S	8.9	6.2	3.7

S&P 500 Sector Returns

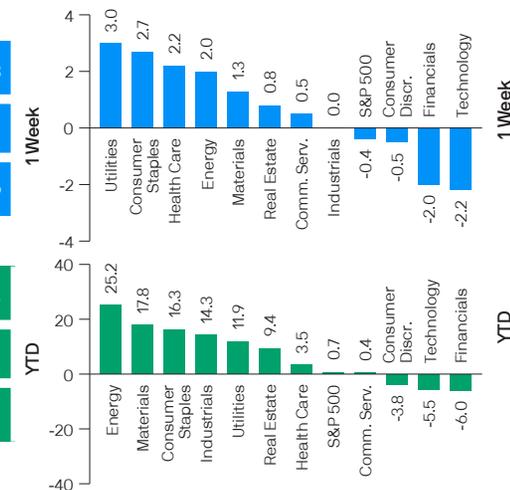




Chart of the Week: Source: BIS, Bloomberg, FactSet, J.P. Morgan Asset Management. *Interest rate differential is the difference between the 2-year U.S. Treasury yield and a basket of the 2-year yields of each major trading partner (Australia, Canada, eurozone, Japan, Sweden, Switzerland and UK). Weights in the basket are calculated using the 2-year average of total government bonds outstanding in each region. Data show history from Jan 1, 2022 to Feb 27, 2026.

Thought of the week: Source: BIS, 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 Compustat and price information from FactSet's Pricing database as provided by Standard & Poor's.

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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