

Weekly Market Recap

The week in review

- Core durable goods orders: 0.7% m/m
- Pending home sales: 8.1% m/m
- Consumer confidence: 102.9
- Mfg./Services PMI: 47.3/50.6

The week ahead

- JOLTs
- Nonfarm payrolls

Thought of the week

Recent unexpectedly strong economic data have caused U.S. investors to reassess their outlook on U.S. monetary policy. After February's Federal Open Market Committee (FOMC) meeting, federal funds futures were pricing in a terminal rate of 4.9% and a year-end rate of 4.4%, implying two rate cuts by the end of 2023. However, continued labor market momentum, surging retail sales and strong CPI and PCE prints released in February suggest that the economy and inflation may prove more resilient than initially anticipated. Markets are now more hawkish, pricing in a terminal rate of 5.4% and no cuts until 2024. This implies three hikes with the possibility of a fourth at the July meeting. Notably, persistent inflation fears have materialized in Europe as well, and markets now expect the European Central Bank to hike to a terminal rate of 3.9%.

In February, markets suffered as investors grappled with the prospect of higher rates for longer. The S&P 500 fell 2.6%, while the 2-year Treasury yield recently climbed to a cycle high of 4.9% and the 10-year yield breached 4%. Looking ahead, we remain cautious toward equities. Although valuations have improved after February's sell-off, the S&P's forward P/E ratio remains slightly above average levels, indicating that equities may come under further pressure due to higher rates. However, despite the recent back up in yields, we expect the economy will eventually slow, inflation will fall and monetary policy will become looser. Therefore, bonds look attractive at current valuations and once again offer investors income and diversification benefits.

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	4046	1.96	5.69	5.69	-5.70	41.42
Dow Jones 30	33391	1.85	1.15	1.15	0.93	37.03
Russell 2000	4792	2.05	9.70	9.70	-3.73	34.72
Russell 1000 Growth	1556	2.48	9.25	9.25	-10.46	41.25
Russell 1000 Value	952	1.53	3.36	3.36	-1.42	37.03
MSCI EAFE	2071	1.81	6.80	6.80	1.51	22.11
MSCI EM	988	1.68	3.44	3.44	-12.88	4.35
NASDAQ	11689	2.61	11.87	11.87	-12.89	37.84

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	4.85	0.12	0.28	0.28	-9.55	-11.40
U.S. Corporates	5.51	0.42	0.91	0.91	-9.78	-11.35
Municipals (10yr)	3.18	-0.14	0.48	0.48	-2.93	-2.86
High Yield	8.63	0.78	2.79	2.79	-5.19	3.45

Key Rates	Levels (%)					
	3/3/23	2/24/23	12/30/22	12/30/22	3/3/22	3/3/20
2-yr U.S. Treasuries	4.86	4.78	4.41	4.41	1.53	0.71
10-yr U.S. Treasuries	3.97	3.95	3.88	3.88	1.86	1.02
30-yr U.S. Treasuries	3.90	3.93	3.97	3.97	2.24	1.64
10-yr German Bund	2.72	2.54	2.53	2.53	0.05	-0.62
3-mo. LIBOR	4.99	4.95	4.77	4.77	0.58	1.31
3-mo. EURIBOR	2.85	2.70	2.13	2.13	-0.53	-0.46
6-mo. CD rate	N/A	1.81	1.80	1.80	0.16	0.73
30-yr fixed mortgage	6.71	6.71	6.58	6.58	4.15	3.57
Prime Rate	7.75	7.75	7.50	7.50	3.25	4.75

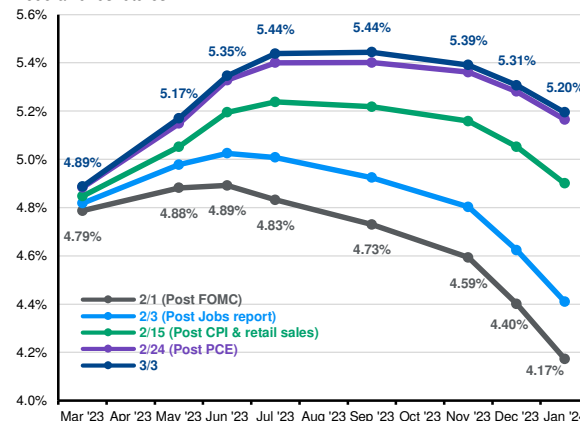
Index Characteristics			
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)
17.83	3.81	1.63	33856
17.08	4.27	2.06	8900
21.66	1.98	1.27	2455
23.28	9.04	0.98	18642
14.68	2.33	2.17	18859
13.07	1.69	3.13	15147
12.20	1.57	3.32	6545
25.35	4.80	0.87	18927

Currencies	Levels		
	3/3/23	12/30/22	3/3/22
\$ per €	1.06	1.07	1.11
\$ per £	1.20	1.20	1.33
¥ per \$	136.34	131.95	115.63

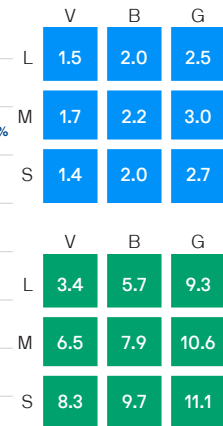
Commod.	Levels		
	3/3/23	12/30/22	3/3/22
Oil (WTI)	78.16	80.16	107.69
Gasoline	3.34	3.09	3.61
Natural Gas	2.77	3.52	4.63
Gold	1841	1814	1930
Silver	21.09	23.95	25.31
Copper	8945	8387	10470
Corn	6.10	6.14	7.26
BBG Idx	238.01	245.89	262.65

Chart of the Week

U.S. implied policy rates
Federal funds futures



Style Returns



S&P 500 Sector Returns

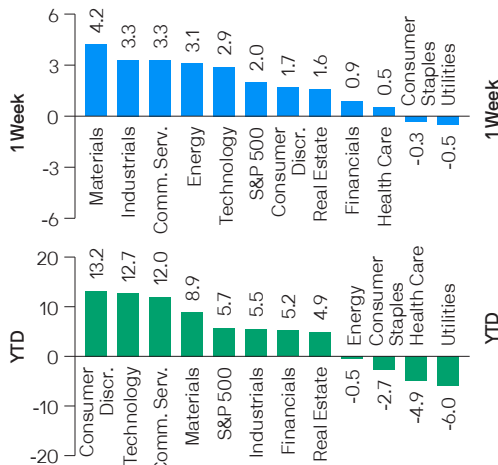




Chart of the Week: Source: Bloomberg, J.P. Morgan Asset Management.

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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