

# Weekly Market Recap

## The week in review

- May services ISM fell to 50.3 from 51.9
- Trade deficit widened to \$74.6 billion
- Core durable goods fell 0.3% m/m
- Initial jobless claims increased to 261k from 232k

## The week ahead

- CPI
- PPI
- FOMC meeting
- Retail sales
- Consumer sentiment
- Industrial production

## Thought of the week

On Wednesday, the Fed should provide more clarity on the trajectory of rates after vacillation in market expectations over the past month, which we illustrate in this week's chart. As of Friday, the federal funds futures market was pricing in a 28% probability of a hike in June and a 54% chance of a skip in June followed by a hike in July. Since the FOMC last met, expectations have oscillated due to resilient growth, moderating inflation, diminished threats from regional banking turmoil, a solution to the debt ceiling standoff and mixed messages in the public pronouncements of Fed officials.

Given a gradual slowdown in growth and inflation and the fact that we have yet to see the full effect of the cumulative 500bps of hikes so far, the Fed would be well advised to pause at this point. Nevertheless, another hike is still clearly on the table and, if the Fed doesn't hike this week, Chairman Powell will likely emphasize that skipping a rate hike now does not necessarily imply that the Fed is done raising rates. However, regardless of the Fed's decision and messaging this week, we expect to see rate cuts within the next year that should improve the backdrop for investors across a broad range of assets.

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	4299	0.41	4.95	12.82	8.86	40.56
Dow Jones 30	33877	0.36	2.30	3.26	7.26	31.99
Russell 2000	4637	1.92	3.79	6.63	2.37	28.57
Russell 1000 Growth	1756	-0.12	8.10	23.63	14.96	41.30
Russell 1000 Value	936	1.03	1.24	2.26	1.78	34.27
MSCI EAFE	2110	0.65	2.09	10.89	9.54	24.95
MSCI EM	1002	1.90	1.80	5.89	-2.91	7.95
NASDAQ	13259	0.15	8.68	27.20	13.82	36.34

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	4.71	-0.15	-0.92	2.01	-1.50	-10.86
U.S. Corporates	5.49	-0.31	-1.09	2.38	-0.87	-9.82
Municipals (10yr)	3.12	0.04	-1.02	1.71	2.47	-0.62
High Yield	8.65	0.31	1.23	4.85	2.91	6.87

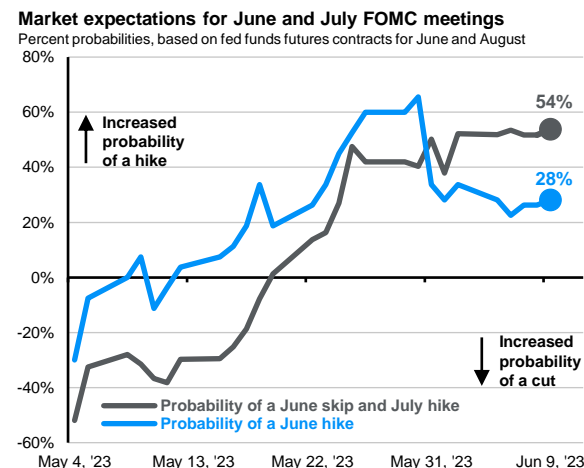
Key Rates	Levels (%)					
	6/9/23	6/2/23	3/31/23	12/30/22	6/9/22	6/9/20
2-yr U.S. Treasuries	4.59	4.50	4.06	4.41	2.83	0.20
10-yr U.S. Treasuries	3.75	3.69	3.48	3.88	3.04	0.84
30-yr U.S. Treasuries	3.89	3.88	3.67	3.97	3.18	1.59
10-yr German Bund	2.39	2.31	2.33	2.53	1.43	-0.33
3-mo. LIBOR	5.54	5.50	5.19	4.77	1.72	0.31
3-mo. EURIBOR	3.47	3.49	3.04	2.13	-0.28	-0.36
6-mo. CD rate	1.92	1.92	1.88	1.80	0.30	0.35
30-yr fixed mortgage	6.81	6.81	6.40	6.58	5.40	3.38
Prime Rate	8.25	8.25	8.00	7.50	4.00	3.25

Index Characteristics				
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)	
18.51	3.86	1.56	35949	
16.87	4.20	2.03	10782	
21.09	1.92	1.36	2357	
25.11	9.22	0.89	20998	
14.25	2.29	2.24	18497	
12.98	1.68	3.24	15406	
12.47	1.57	3.38	6773	
27.21	5.03	0.80	21347	

Currencies	Levels		
	6/9/23	12/30/22	6/9/22
\$ per €	1.08	1.07	1.07
\$ per £	1.26	1.20	1.25
¥ per \$	139.38	131.95	134.29

Commod.	Levels		
	6/9/23	12/30/22	6/9/22
Oil (WTI)	71.29	80.16	121.52
Gasoline	3.54	3.09	4.88
Natural Gas	2.35	3.52	8.16
Gold	1960	1814	1845
Silver	24.32	23.95	21.93
Copper	8368	8387	9630
Corn	6.10	6.14	7.63
BBG Idx	224.90	245.89	292.50

## Chart of the Week



## Style Returns

	V	B	G
L	1.0	0.4	-0.1
M	1.5	1.0	0.2
S	2.0	1.9	1.8
	V	B	G
L	2.3	12.8	23.6
M	1.7	4.9	11.0
S	1.9	6.6	11.3

## S&P 500 Sector Returns

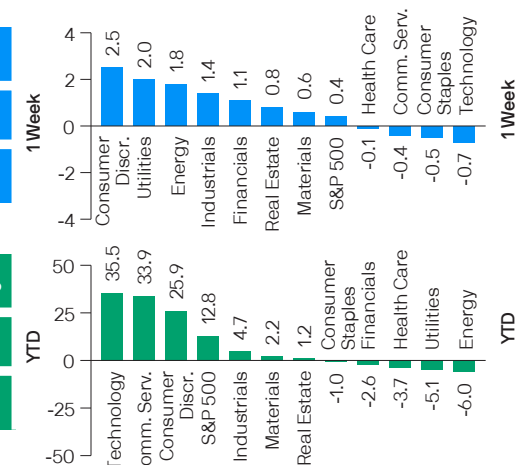




Chart of the Week: Source: Bloomberg, J.P. Morgan Asset Management.

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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