

# Weekly Market Recap

## The week in review

- Consumer confidence rose to 102 in May
- PCE rose 0.3% m/m (2.7% y/y) in Apr.

## The week ahead

- JOLTS
- ISM services PMI
- Employment report

## Thought of the week

Brent crude oil prices closed at \$82 per barrel on Friday, and while they have backed off from their springtime peak, they still look high relative to where they were five years ago, before the pandemic. However, it's important to recognize that almost **all** prices and wage rates are significantly higher today compared to five years ago. Between May 2019 and last Friday, Brent crude prices rose by 23%, but we estimate that U.S. headline CPI has risen by the same amount. Therefore, in a very real sense, \$82 per barrel is the new \$63 per barrel.

This week's chart illustrates this by showing that real oil prices, excluding the shocks of the pandemic and Russia/Ukraine War, have remained relatively stable. In May 2019, a barrel of Brent crude cost \$67 and, measured in constant May 2019 dollars, a barrel of oil today would cost \$72 per barrel.

Going forward, oil prices will still be vulnerable to supply and demand shocks. The conflict in the Middle East could continue to threaten supply, but so far, it has not materially impacted oil prices. Additionally, OPEC decided to extend its voluntary supply cuts over the weekend, increasing uncertainty about future supply. On the other hand, demand pressures should be relatively steady. The Energy Information Administration expects global oil consumption to rise by only 0.8% in 2024 and 1.5% in 2025, reflecting, in part, sluggish Chinese demand growth, and global oil production should be able to handle demand growth of this magnitude. While the oil market remains volatile, oil in the \$80s better reflects the impact of past inflation rather than portending an inflation surge ahead.

Please see important disclosures on next page.

## Weekly Data Center

Equities	Level	1 week	Index Returns (%)			
			QTD	YTD	1 year	3-yr. Cum.
S&P 500	5278	-0.49	0.67	11.30	28.19	31.54
Dow Jones 30	38686	-0.88	-2.47	3.52	19.97	19.09
Russell 2000	5145	0.04	-2.37	2.68	20.12	-4.87
Russell 1000 Growth	2275	-1.18	1.49	13.08	33.60	37.21
Russell 1000 Value	1073	0.20	-1.24	7.64	21.71	17.26
MSCI EAFE	2356	-0.03	1.45	7.46	19.12	11.20
MSCI EM	1049	-3.09	1.07	3.53	12.85	-16.55
NASDAQ	16735	-1.09	2.30	11.82	30.37	24.61

Fixed Income	Yield	1 week	Index Returns (%)			
			QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	5.10	0.04	-0.87	-1.64	1.31	-9.02
U.S. Corporates	5.52	0.09	-0.72	-1.12	4.40	-7.92
Municipals (10yr)	3.69	-0.36	-2.51	-3.04	1.16	-3.62
High Yield	8.18	-0.01	0.15	1.63	11.24	5.42

Key Rates	Levels (%)					
	5/31/24	5/24/24	3/29/24	12/29/23	5/31/23	5/31/21
2-yr U.S. Treasuries	4.89	4.93	4.59	4.23	4.40	0.14
10-yr U.S. Treasuries	4.51	4.46	4.20	3.88	3.64	1.58
30-yr U.S. Treasuries	4.65	4.57	4.34	4.03	3.85	2.26
10-yr German Bund	2.65	2.59	2.30	2.00	2.28	-0.17
SOFR	5.33	5.32	5.34	5.38	5.08	0.01
3-mo. EURIBOR	3.79	3.81	3.89	3.91	3.46	-0.54
6-mo. CD rate	2.36	2.36	2.33	2.23	1.96	0.15
30-yr fixed mortgage	7.05	7.05	6.91	6.76	6.91	3.17
Prime Rate	8.50	8.50	8.50	8.50	8.25	3.25

Index Characteristics				
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)	
20.47	4.53	1.33	44297	
17.78	4.80	1.83	13710	
22.35	1.90	1.31	2555	
26.98	11.68	0.67	26588	
15.60	2.43	2.11	21482	
14.16	1.84	2.78	16969	
11.99	1.62	2.37	7239	
27.07	6.14	0.71	27176	

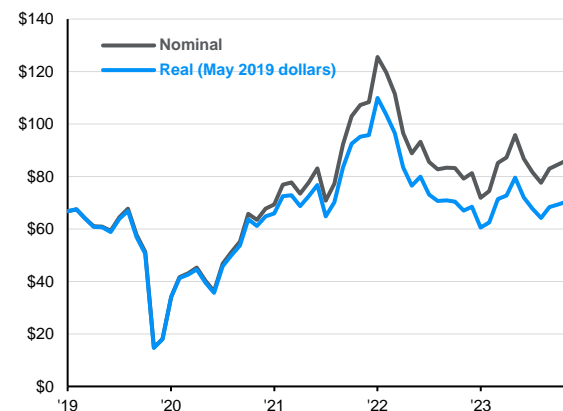
Currencies	Levels		
	5/31/24	12/29/23	5/31/23
\$ per €	1.09	1.10	1.07
\$ per £	1.27	1.27	1.24
¥ per \$	157.15	140.98	139.72

Commod.	Levels		
	5/31/24	12/29/23	5/31/23
Oil (WTI)	77.95	71.89	68.11
Gasoline	3.58	3.12	3.57
Natural Gas	2.57	2.58	2.10
Gold	2348	2078	1964
Silver	31.27	23.79	23.26
Copper	9985	8476	8017
Corn	4.35	4.59	6.31
BBG Idx	241.80	226.43	217.94

## Chart of the Week

### Higher oil prices may be the "new normal"

Brent crude prices, USD per barrel, monthly



## Style Returns

	V	B	G
L	0.2	-0.5	-1.2
M	0.0	-0.7	-2.2
S	0.4	0.0	-0.3
	V	B	G
L	7.6	11.3	13.1
M	6.2	5.7	4.2
S	0.8	2.7	4.6

## S&P 500 Sector Returns

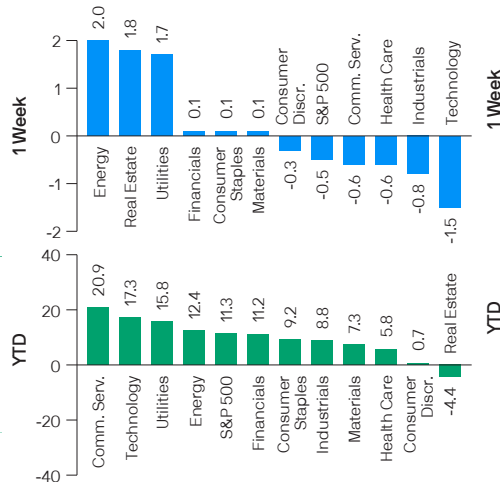




Chart of the Week: Source: BLS, CRB - Commodity Research Bureau, J.P. Morgan Asset Management. Real Brent crude oil prices were calculated by deflating monthly Brent crude prices by the headline Consumer Price Index reported by the BLS.

Thought of the week: Source: BLS, CRB - Commodity Research Bureau, Energy Information Administration, 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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