

# Weekly Market Recap

## The week in review

- Retail sales edged up 0.3% m/m in Feb.
- PPI for final demand rose 0.8% m/m in Feb.
- Existing home sales fell 7.2% m/m in Feb.

## The week ahead

- Flash PMIs
- Consumer sentiment
- Durable goods

## Thought of the week

Last week, the Federal Open Market Committee (FOMC) delivered on a very well communicated 25 bps hike, raising its federal funds target range to 0.25%-0.50%. As an overnight lending rate for banks, the federal funds rate influences consumer and business borrowing costs including rates on mortgages, credit cards, savings accounts, loans and corporate debt. When the Fed raises rates, they use it as a tool to tame hot consumer prices by making borrowing more expensive and saving more appealing.

As we head into the first rate hiking cycle since 2018, American investors should anticipate the following. First, investors should expect more tightening. The Fed made it clear that it plans to hike rates more quickly and act nimbly in regards to incoming data. Accordingly, the median FOMC member is now signaling a hawkish path ahead with 6 additional hikes expected this year. This would push up the Federal funds target range to 1.75%-2.00% by December 2022, a full percentage point higher relative to last December's meeting. As illustrated in the chart, the market is bracing for a bit more hawkishness. Upon conclusion of the Fed meeting on March 16, markets pulled forward their expectations for the implied policy rate at year end to 1.99%, up from 1.83% just the day prior and from 0.82% at the start of the year. As we prepare for higher rates, investors should refocus their attention on valuations and opt for quality stocks with durable profits. In terms of fixed income, investors should anticipate that Treasury yields will be biased higher as the Fed continues to remove policy accommodation against a backdrop of higher inflation, making active flexible bonds a good choice. And lastly, investors should recognize that the path ahead is filled with uncertainty as markets recalibrate geopolitical risks, central bank moves and continued COVID-19 woes, making it critical for investors to have well-diversified portfolios to navigate the volatility ahead.

Please see important disclosure on next page.

## Weekly Data Center

Equities	Level	Index Returns (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
S&P 500	4463	6.19	-6.05	-6.05	15.60	65.80
Dow Jones 30	34755	5.53	-3.89	-3.89	7.74	43.06
Russell 2000	5185	5.43	-6.86	-6.86	-7.04	38.47
Russell 1000 Growth	1806	8.36	-11.03	-11.03	15.06	86.20
Russell 1000 Value	1003	4.39	-1.41	-1.41	11.31	42.38
MSCI EAFE	2157	5.63	-7.20	-7.20	-1.28	23.99
MSCI EM	1123	3.51	-8.56	-8.56	-14.57	13.65
NASDAQ	13894	8.20	-11.05	-11.05	6.63	84.71

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	2.72	-0.39	-5.16	-5.16	-3.08	7.25
U.S. Corporates	3.51	0.59	-7.44	-7.44	-3.11	11.37
Municipals (10yr)	2.13	-0.52	-4.85	-4.85	-3.02	7.06
High Yield	6.27	0.51	-5.06	-5.06	-0.04	14.75

Key Rates	Levels (%)					
	3/18/22	3/11/22	12/31/21	12/31/21	3/18/21	3/18/19
2-yr U.S. Treasuries	1.97	1.75	0.73	0.73	0.16	2.45
10-yr U.S. Treasuries	2.14	2.00	1.52	1.52	1.71	2.60
30-yr U.S. Treasuries	2.42	2.36	1.90	1.90	2.45	3.01
10-yr German Bund	0.35	0.27	-0.18	-0.18	-0.27	0.07
3-mo. LIBOR	0.93	0.83	0.21	0.21	0.19	2.63
3-mo. EURIBOR	-0.49	-0.50	-0.57	-0.57	-0.54	-0.31
6-mo. CD rate	0.15	0.16	0.14	0.14	0.18	0.80
30-yr fixed mortgage	4.27	4.27	3.33	3.33	3.28	4.55
Prime Rate	3.50	3.25	3.25	3.25	3.25	5.50

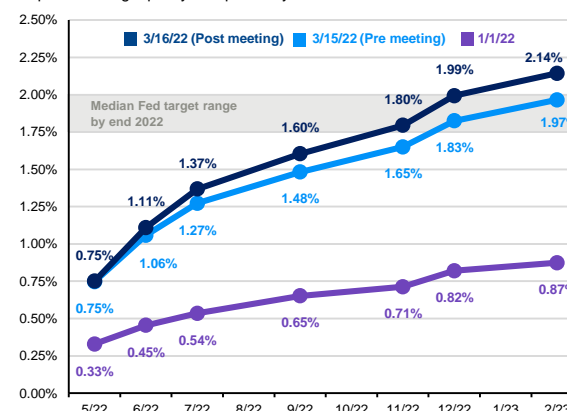
Index Characteristics				
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)	
19.26	4.34	1.34	81.86	
17.85	4.56	1.81	369.31	
21.08	2.25	1.02	1.64	
26.29	11.80	0.71	60.27	
15.32	2.54	1.88	36.21	
13.77	1.73	2.86	25.89	
11.95	1.74	2.55	17.86	
27.57	5.87	0.67	6.87	

Currencies	Levels		
	3/18/22	12/31/21	3/18/21
\$ per €	1.10	1.14	1.19
\$ per £	1.32	1.35	1.39
¥ per \$	119.17	115.16	108.98

Commod.	Levels		
	3/18/22	12/31/21	3/18/21
Oil (WTI)	104.70	75.33	59.95
Gasoline	4.32	3.28	2.85
Natural Gas	4.86	3.82	2.45
Gold	1936	1806	1726
Silver	25.24	23.09	26.13
Copper	10249	9692	9090
Corn	7.27	5.86	5.35
BBG Idx	263.62	211.80	178.62

## Chart of the Week

**Fed lays out a hawkish path ahead, markets expect more.**  
Implied overnight policy rate priced by the market



## Style Returns

	V	B	G
L	4.4	6.2	8.4
M	4.7	6.2	9.5
S	3.4	5.4	7.7
L	-1.4	-6.1	-11.0
M	-2.8	-6.5	-13.2
S	-2.1	-6.9	-11.6

## S&P 500 Sector Returns

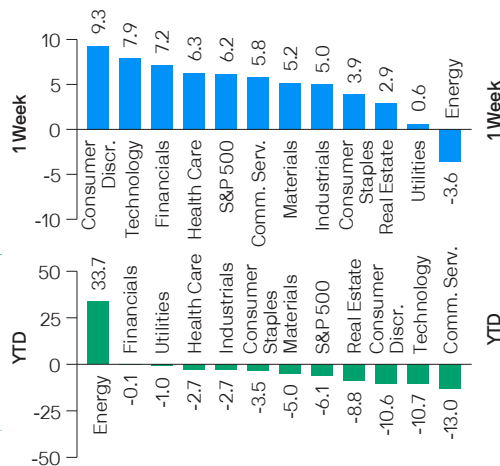




Chart of the Week: Source: Bloomberg, J.P. Morgan Asset Management.

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).

**Past performance does not guarantee future results.**

**Diversification does not guarantee investment returns and does not eliminate the risk of loss.**

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