

# Weekly Market Recap

## The week in review

- Unemployment rate unchanged at 3.6%
- Global manufacturing PMI at 51.9
- Global services PMI at 52.2

## The week ahead

- 1Q Earnings
- April CPI
- UMich Consumer Sentiment Index

## Thought of the week

Last week, the Fed delivered on a well-communicated 50 bps hike, bringing the federal funds target range to 0.75%-1.00%. Since the intended impacts of rate hikes – cooler inflation and slower growth – happen on a lag, it's critical to pay attention to how the Fed speaks about its outlook following each meeting, especially in light of the evolving environment we are in. On inflation, the Fed acknowledged that inflationary pressures have intensified due to the Russia/Ukraine war and COVID-related shutdowns in China. In response, the Fed noted that “appropriate firming”, likely in the form of 50 bps increases in June and July, will be needed. Despite advocating for 50 bps hikes, Chair Powell dissuaded against a 75 bps hike. This brought comfort to investors worried about overly aggressive tightening and provided a temporary boost to equity markets and the front end of the curve. However, investors were quick to refocus on the reality that markets are now pricing in a year-end fed funds rate of 2.8%. It's not just inflation on the Fed's top of mind, but also the labor supply/demand disconnect. Job openings currently sit at 11.5M, while the number of unemployed persons stands at 5.9M – that's 1.9x vacancies for every American looking for a job. Thus, the Fed should feel comfortable raising rates to at least neutral rather quickly so the supply/demand disconnect becomes more balanced next year. As the Fed looks to land the plane smoothly, investors should focus on protecting gains, while also adding portfolio ballast that could cushion against elevated volatility. We believe high quality, defensive exposures in sectors like technology and health care are best placed to navigate the dual challenges of slowing economic momentum and higher inflation.

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	4123	-0.18	-8.88	-13.07	-0.47	47.93
Dow Jones 30	32899	-0.21	-5.03	-8.92	-2.98	32.74
Russell 2000	4572	-1.29	-11.08	-17.77	-17.04	18.22
Russell 1000 Growth	1595	-1.63	-13.51	-21.33	-5.21	56.46
Russell 1000 Value	957.51	0.65	-5.03	-5.73	0.03	33.22
MSCI EAFE	1973	-2.78	-8.99	-14.25	-11.43	13.06
MSCI EM	1032	-4.12	-9.44	-15.71	-21.05	5.14
NASDAQ	12145	-1.50	-14.54	-22.19	-10.31	53.32

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	3.62	-1.11	-4.87	-10.51	-9.78	-0.07
U.S. Corporates	4.46	-1.32	-6.72	-13.89	-12.06	1.51
Municipals (10yr)	3.21	-0.67	-3.31	-9.33	-8.73	0.37
High Yield	7.34	-1.19	-4.70	-9.31	-6.54	7.53

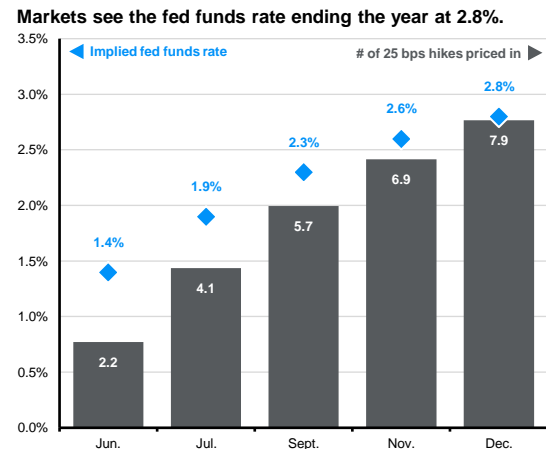
Key Rates	Levels (%)					
	5/6/22	4/29/22	3/31/22	12/31/21	5/6/21	5/6/19
2-yr U.S. Treasuries	2.72	2.70	2.28	0.73	0.16	2.31
10-yr U.S. Treasuries	3.12	2.89	2.32	1.52	1.58	2.51
30-yr U.S. Treasuries	3.23	2.96	2.44	1.90	2.24	2.91
10-yr German Bund	1.11	0.90	0.55	-0.18	-0.24	0.00
3-mo. LIBOR	1.40	1.33	0.96	0.21	0.16	2.56
3-mo. EURIBOR	-0.43	-0.43	-0.46	-0.57	-0.53	-0.31
6-mo. CD rate	0.32	0.28	0.16	0.14	0.17	0.86
30-yr fixed mortgage	5.36	5.36	4.80	3.33	3.18	4.41
Prime Rate	4.00	3.50	3.50	3.25	3.25	5.50

Index Characteristics	Levels			
	NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)
	17.46	4.20	1.45	75.43
	16.61	4.47	1.92	350.17
	17.32	2.15	1.15	1.45
	23.40	11.09	0.82	53.58
	14.17	2.49	1.98	33.93
	12.70	1.69	3.02	23.54
	11.17	1.69	2.69	16.78
	24.09	5.60	0.77	5.97

Currencies	Levels		
	5/6/22	12/31/21	5/6/21
\$ per €	1.06	1.14	1.21
\$ per £	1.24	1.35	1.39
¥ per \$	130.41	115.16	109.08

Commod.	Levels		
	5/6/22	12/31/21	5/6/21
Oil (WTI)	109.77	75.33	64.73
Gasoline	4.18	3.28	2.89
Natural Gas	8.04	3.82	2.90
Gold	1882	1806	1813
Silver	22.49	23.09	26.73
Copper	9428	9692	10026
Corn	7.70	5.86	7.16
BBG Idx	278.81	211.80	198.29

## Chart of the Week



## Style Returns



## S&P 500 Sector Returns

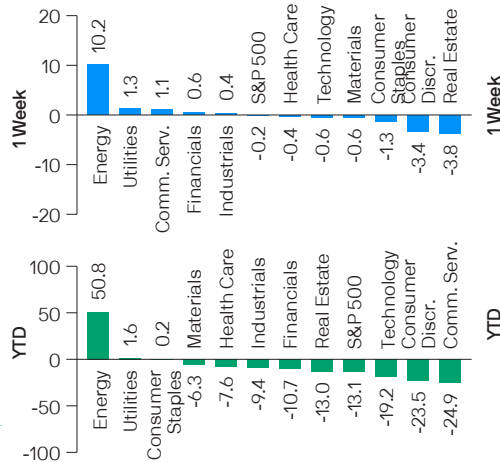




Chart of the Week: Source: Bloomberg, J.P. Morgan Asset Management.

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

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