

# Weekly Market Recap

## The week in review

- JOLTS Job Openings rose to 11,263K from 11,448K in Dec.
- Headline CPI rose 0.8% m/m and 7.9% y/y
- Core CPI rose 0.5% m/m and 6.4% y/y
- UofM Consumer Sentiment fell to 59.7 from 62.8

## The week ahead

- March FOMC meeting
- Retail sales
- Import prices
- Producer Price Index (PPI)

## Thought of the week

The February CPI report showed consumer inflation running at its fastest pace in 40 years as surging energy prices boosted inflation, even prior to Russia's invasion of Ukraine. Perhaps unsurprisingly, record high fuel prices, rising interest rates and the crisis in Ukraine caused consumer sentiment to fall. The University of Michigan's survey showed sentiment falling to 59.7 in the early weeks of March, its lowest level since 2011. Also notably, consumers' one-year inflation expectations rose to 5.4% from 4.9%, the highest level since the early 1980s.

Consumer sentiment is often regarded as a key driver of consumer spending, since consumers might hold back on purchases in anticipation of a worsening economy or their own personal finances. However, for much of the pandemic, consumer spending remained robust amidst somber sentiment. Even though consumers might not feel great about rising prices, so far this has not impacted their spending. With that said, it may be that the recent record fuel prices begin to take a toll on consumer wallets soon, and we estimate that if current fuel prices were sustained, this could add over \$1000 in annual expenses for the average household.

For investors, it's also interesting to note that troughs in consumer sentiment have typically preceded great equity returns, as we show in the chart. Of course, confidence is not the only piece of the puzzle, as returns will also be driven by fundamentals and valuations. However, history does suggest that panicking when people don't feel great is usually a losing investment strategy.

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	4204	-2.84	-11.53	-11.53	8.24	59.00
Dow Jones 30	32944	-1.91	-8.93	-8.93	3.34	37.05
Russell 2000	4920	-1.03	-11.66	-11.66	-14.47	32.69
Russell 1000 Growth	1667	-3.59	-17.89	-17.89	4.23	74.97
Russell 1000 Value	96172	-2.22	-5.56	-5.56	7.00	38.79
MSCI EAFE	2044	0.57	-12.15	-12.15	-5.37	20.61
MSCI EM	1086	-5.07	-11.66	-11.66	-18.05	12.79
NASDAQ	12844	-3.51	-17.79	-17.79	-3.51	74.29

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	2.61	-1.76	-4.79	-4.79	-3.52	8.01
U.S. Corporates	3.52	-2.69	-7.98	-7.98	-4.82	11.23
Municipals (10yr)	2.02	-1.07	-4.36	-4.36	-3.12	7.71
High Yield	6.33	-1.54	-5.55	-5.55	-1.21	14.87

Key Rates	Levels (%)					
	3/11/22	3/4/22	12/31/21	12/31/21	3/11/21	3/11/19
2-yr U.S. Treasuries	1.75	1.50	0.73	0.73	0.14	2.47
10-yr U.S. Treasuries	2.00	1.74	1.52	1.52	1.54	2.64
30-yr U.S. Treasuries	2.36	2.16	1.90	1.90	2.29	3.03
10-yr German Bund	0.27	-0.10	-0.18	-0.18	-0.34	0.05
3-mo. LIBOR	0.83	0.61	0.21	0.21	0.18	2.61
3-mo. EURIBOR	-0.50	-0.52	-0.57	-0.57	-0.54	-0.31
6-mo. CD rate	0.16	0.16	0.14	0.14	0.18	0.77
30-yr fixed mortgage	4.09	4.09	3.33	3.33	3.26	4.64
Prime Rate	3.25	3.25	3.25	3.25	3.25	5.50

Index Characteristics	Levels			
	NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)
	18.23	4.31	1.41	77.15
	16.94	4.52	1.91	350.16
	20.28	2.23	1.07	1.55
	24.32	11.68	0.77	55.91
	14.77	2.53	1.95	34.56
	13.08	1.71	2.86	24.52
	11.63	1.73	2.55	17.66
	25.54	5.77	0.73	6.38

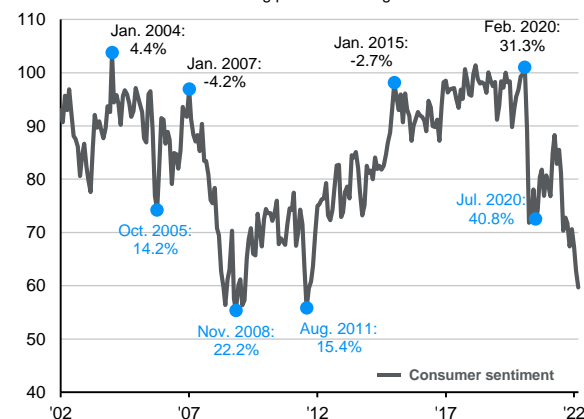
Currencies	Levels		
	3/11/22	12/31/21	3/11/21
\$ per €	1.10	1.14	1.20
\$ per £	1.31	1.35	1.40
¥ per \$	116.99	115.16	108.49

Commod.	Levels		
	3/11/22	12/31/21	3/11/21
Oil (WTI)	109.33	75.33	66.02
Gasoline	4.10	3.28	2.77
Natural Gas	4.73	3.82	2.70
Gold	1979	1806	1724
Silver	25.66	23.09	26.25
Copper	10145	9692	9063
Corn	7.48	5.86	5.24
BBG Idx	270.08	211.80	184.20

## Chart of the Week

Troughs in sentiment typically precede stellar equity returns

12-month S&P 500 returns following peaks and troughs of consumer sentiment



## Style Returns

	V	B	G
L	-2.2	-2.8	-3.6
M	-2.0	-2.7	-4.3
S	-0.4	-1.0	-1.8
	V	B	G
L	-5.6	-11.5	-17.9
M	-7.1	-12.0	-20.7
S	-5.3	-11.7	-18.0

## S&P 500 Sector Returns

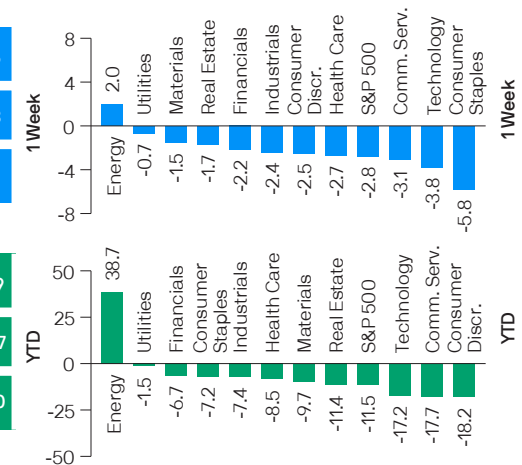




Chart of the Week: Source: FactSet, University of Michigan, J.P. Morgan Asset Management.

Thought of the week: Source: FactSet, University of Michigan, 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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