



**JPMORGAN ASSET MANAGEMENT**

# Weekly Market Recap

## July 20, 2020

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## MARKET INSIGHTS

## Weekly Market Recap

U.S. | July 20, 2020

## The week in review

- CPI/Core CPI rose 0.6%/1.2% y/y
- Jobless claims at 1,300K
- Retail sales up 7.5% m/m
- Housing starts at 1.186M

## The week ahead

- Flash Markit mfg./srvs. PMI
- New/existing home sales

## Thought of the week

Last week, second-quarter earnings results for Wall Street's banks provided investors with some clarity on how financial companies are managing through the pandemic. While at the sector level earnings for financials are still expected to fall roughly -57% in 2Q20 relative to a year ago, earnings releases suggests banks with more diversified revenue streams are performing better than expected. As shown in this week's chart, the diversified banks generated half of their revenue in the second quarter through fee-based channels like banking and trading services, all of which improved noticeably as market volatility boosted trading activity and robust corporate borrowing boosted underwriting revenue. On the other hand, smaller regional banks generated most of their revenue from traditional lending, making their earnings much more sensitive to the low interest rate environment. It should also be noted that while many banks reported large increases in loan loss provisions - an expense set aside for uncollected loans and loan payments - in order to weather the expected increase in defaults caused by the pandemic, they are well capitalized and therefore able to bolster these positions. Going forward, the key question is whether missed payments will be forgiven or if the loans will be extended. Even so, the prospect of additional fiscal stimulus and monetary support suggests the loan loss build seen over the past two quarters should prove to be sufficient.

Please see important disclosure on next page.

## WEEKLY DATA CENTER

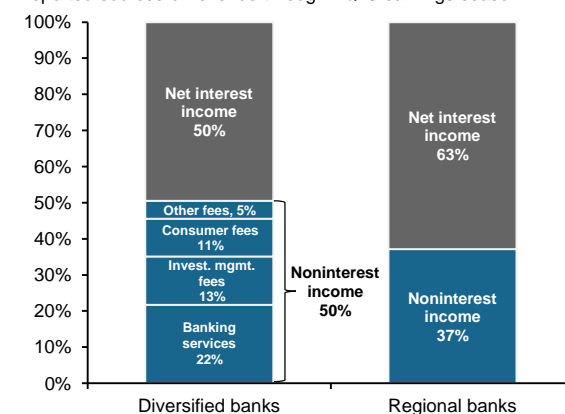
Equities	Level	Index Returns (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
S&P 500	3225	1.27	4.10	0.89	10.22	39.16
Dow Jones 30	26672	2.32	3.42	-5.30	0.44	32.38
Russell 2000	3662	3.57	2.26	-11.01	-3.58	7.28
Russell 1000 Growth	1335	-0.83	4.49	14.74	25.56	72.04
Russell 1000 Value	713.55	3.42	3.99	-12.92	-5.72	9.02
MSCI EAFE	1852	2.20	4.14	-7.39	-0.57	6.13
MSCI EM	1055	-1.21	6.53	-3.78	2.84	9.09
NASDAQ	10503	-1.08	4.43	17.67	29.64	71.71

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	1.20	0.23	0.78	6.96	9.67	17.52
U.S. Corporates	2.03	0.73	2.06	7.18	11.86	22.27
Municipals (10yr)	1.17	0.50	0.96	3.46	5.20	14.41
High Yield	6.55	1.14	2.22	-1.66	2.03	12.21

Key Rates	Levels (%)					
	7/17/20	7/10/20	6/30/20	12/31/19	7/17/19	7/17/17
2-yr U.S. Treasuries	0.14	0.16	0.16	1.58	1.83	1.36
10-yr U.S. Treasuries	0.64	0.65	0.66	1.92	2.06	2.31
30-yr U.S. Treasuries	1.33	1.33	1.41	2.39	2.57	2.89
10-yr German Bund	-0.46	-0.48	-0.48	-0.19	-0.30	0.56
3-mo. LIBOR	0.27	0.27	0.30	1.91	2.30	1.31
3-mo. EURIBOR	-0.44	-0.44	-0.42	-0.38	-0.37	-0.33
6-mo. CD rate	0.34	0.34	0.35	0.79	0.94	0.43
30-yr fixed mortgage	3.19	3.19	3.29	3.95	4.12	4.22
Prime Rate	3.25	3.25	3.25	4.75	5.50	4.25

## CHART OF THE WEEK

Sources of revenue for diversified and regional banks  
Reported sources of revenue through 2Q20 earnings season



## STYLE RETURNS

	V	B	G
L	3.4	1.3	-0.8
M	4.3	3.0	0.9
S	4.3	3.6	2.9

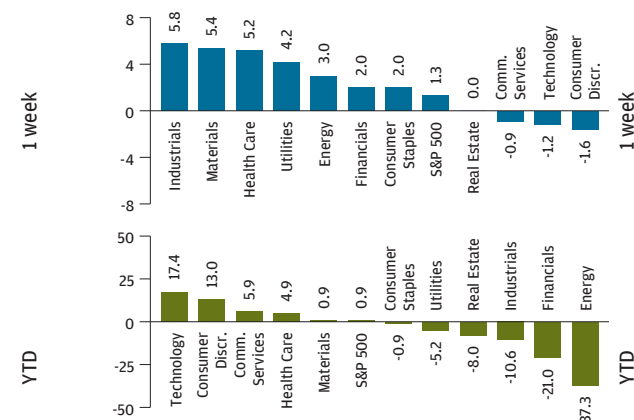
	V	B	G
L	-12.9	0.9	14.7
M	-15.0	-5.5	8.7
S	-22.7	-11.0	0.3

Index Characteristics	Levels		
	NTM P/E	P/B	Div. Yld.
	22.31	3.43	1.82
	20.66	3.86	2.38
	51.44	1.77	1.74
	30.76	9.42	0.85
	18.52	1.98	2.66
	18.22	1.50	2.80
	15.18	1.61	2.56
	33.92	5.11	0.83
			6.51

Currencies	Levels		
	7/17/20	12/31/19	7/17/19
\$ per €	1.14	1.12	1.12
\$ per £	1.25	1.32	1.24
¥ per \$	107.15	108.68	108.09

Commodities	Levels		
	7/17/20	12/31/19	7/17/19
Oil (WTI)	40.56	61.14	56.50
Gasoline	2.20	2.57	2.78
Natural Gas	1.72	2.09	2.44
Gold	1807	1515	1410
Silver	19.16	18.05	15.61
Copper	6455	6156	5922
Corn	3.14	3.77	4.26
BBG Idx	141.89	172.00	167.84

## S&amp;P 500 SECTOR RETURNS



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**Chart of the Week:** Source: FactSet, J.P. Morgan Asset Management. Diversified banks include J.P. Morgan, Wells Fargo, U.S. Bancorp, Bank of America and Citigroup. Regional banks include First Republic, Citizens Financial, Regions Financial, PNC Financial and Truist Financial. Consumer fees are income generated from lending and deposit, card services and mortgage fees. Banking services are investment banking fees and principal transactions. Invest. mgmt. fees include asset management and brokerage services. Other fees include realized gains on trading securities. Bank earnings are reported through July 18, 2020.

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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: Barclays US Aggregate; provided by: Barclays Capital. Index: Barclays Investment Grade Credit; provided by: Barclays Capital. Index: Barclays Municipal Bond 10 Yr; provided by: Barclays Capital. Index: Barclays Capital High Yield Index; provided by: Barclays 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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Unless otherwise stated, all data is as of July 20, 2020 or as of most recently available.

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