



# **JPMORGAN ASSET MANAGEMENT**

## **Weekly Market Recap**

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MARKET INSIGHTS

# Weekly Market Recap

U.S. | March 23, 2020

## The week in review

- NY/Philly Fed. mfg. survey at -21.5/-12.7
- Retail sales fell -0.5% m/m
- Industrial production 0.6% m/m
- Jobless claims at 281K
- Housing starts at 1.599M

## The week ahead

- Consumer sentiment
- Personal income
- Flash mfg. & services PMI
- Final 4Q19 GDP & durable goods
- New home sales

## Thought of the week

Financial markets have moved swiftly, and are now pricing in a global recession, with the S&P 500 falling into bear market territory and both investment grade and high yield bond spreads widening out significantly. While we believe a 2020 recession is likely, it should be different than the recession triggered by the Global Financial Crisis (GFC). The areas affected by social distancing (leisure & hospitality, retail and transportation) represent a larger percentage of overall employment, but a smaller share of GDP than the finance and construction industries did during the GFC. That being said, a very sharp decrease in consumer spending concentrated in the second quarter could subsequently lead to broader economic weakness in the third quarter. From an earnings perspective, industries impacted by social distancing represent a smaller portion of overall S&P 500 earnings than financials did in 2007, but any impact on the aggregate figures will depend on how badly earnings from the affected industries are impacted. While early indications suggest that this could be a deep recession, the recovery that could take hold, once effective treatments and vaccines have been created and distributed, has the potential to be more robust than the recovery following the GFC as neither the economy nor financial institutions went into this crisis suffering from major imbalances.

Please see important disclosure on next page.

### WEEKLY DATA CENTER

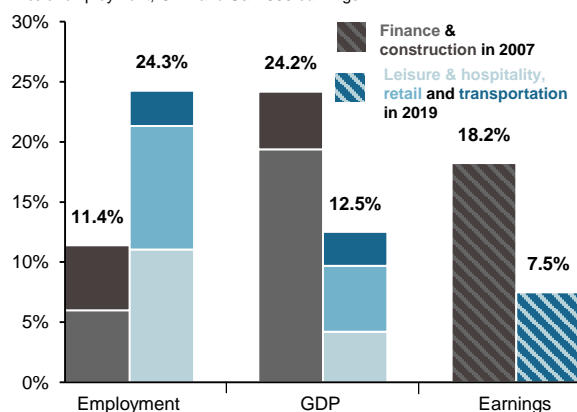
Equities	Level	Index Returns (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
S&P 500	2305	-14.95	-28.33	-28.33	-16.74	3.07
Dow Jones 30	19174	-17.29	-32.41	-32.41	-23.69	-1.56
Russell 2000	2520	-16.14	-39.04	-39.04	-33.32	-23.65
Russell 1000 Growth	890.60	-14.32	-23.71	-23.71	-9.88	22.41
Russell 1000 Value	540.15	-16.38	-34.69	-34.69	-25.96	-17.11
MSCI EAFE	1394	-5.76	-31.21	-31.21	-23.94	-14.49
MSCI EM	803.23	-9.79	-27.74	-27.74	-22.56	-10.18
NASDAQ	6880	-12.62	-23.14	-23.14	-10.04	20.39

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	2.18	-2.29	0.01	0.01	6.52	12.24
U.S. Corporates	4.58	-8.87	-10.58	-10.58	-1.43	5.56
Municipals (10yr)	3.31	-6.90	-7.76	-7.76	-2.78	5.70
High Yield	10.94	-10.17	-18.11	-18.11	-12.36	-3.38

Key Rates	Levels (%)					
	3/20/20	3/13/20	12/31/19	12/31/19	3/20/19	3/20/17
2-yr U.S. Treasuries	0.37	0.49	1.58	1.58	2.40	1.30
10-yr U.S. Treasuries	0.92	0.94	1.92	1.92	2.54	2.47
30-yr U.S. Treasuries	1.55	1.56	2.39	2.39	2.98	3.08
10-yr German Bund	-0.32	-0.58	-0.19	-0.19	0.09	0.42
3-mo. LIBOR	1.20	0.84	1.91	1.91	2.61	1.16
3-mo. EURIBOR	-0.39	-0.43	-0.38	-0.38	-0.31	-0.33
6-mo. CD rate	0.55	0.63	0.79	0.79	0.80	0.38
30-yr fixed mortgage	3.74	3.74	3.95	3.95	4.55	4.46
Prime Rate	3.25	4.25	4.75	4.75	5.50	4.00

### CHART OF THE WEEK

Comparing the Global Financial Crisis and impacts from social distancing  
% of employment, GDP and S&P 500 earnings



### STYLE RETURNS

	V	B	G
L	-16.4	-15.0	-14.3
M	-19.7	-18.1	-16.0
S	-17.6	-16.1	-14.9

	V	B	G
L	-34.7	-28.3	-23.7
M	-40.0	-36.0	-29.9
S	-42.8	-39.0	-35.4

### S&P 500 SECTOR RETURNS



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**Chart of the Week:** Source: BEA, BLS, Compustat, FactSet, Standard & Poor's, J.P. Morgan Asset Management. Employment: finance and construction employment in 2007 and leisure & hospitality, retail trade and transportation ex-warehousing in 2019. GDP: gross value added by construction and finance, insurance, real estate, rental and leasing in 2007 and arts, entertainment, recreation, accommodation, food services, retail trade and transportation ex-warehousing in 2019. Earnings: financial sector earnings in 2007 and hotels, restaurants, leisure airlines, automobiles, multiline retail, specialty retail, textiles, apparel and luxury goods and select entertainment and travel booking companies in 2019.

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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).

**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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Unless otherwise stated, all data is as of March 23, 2020 or as of most recently available.

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