The week in review

- Retail sales +0.4% m/m
- Industrial production +0.0% m/m
- Housing starts +1.253mm

The week ahead

- New/existing home sales
- Manufacturing PMI (prelim.)
- Durable goods orders
- 2Q19 GDP

Thought of the week

Last week, a slew of Chinese economic data was released, providing the latest glimpse into the health of the Chinese economy. Fixed asset investment rose 5.8% y/y (YTD), modestly higher than 5.6% through May, and should continue to rise given infrastructure spending introduced in June. Both industrial production and retail sales had sizable gains, with industrial production growing 6.3% y/y (vs. 5.0% in May) and retail sales up 9.8% y/y (vs. 8.6%). Still, despite steady infusions of fiscal and monetary stimulus, real GDP rose just 6.2% y/y (vs. 6.4% last quarter), the slowest pace in nearly 30 years. Waning global demand appears to be the primary culprit, but trade tensions with the U.S. are also likely weighing on growth. China's trade with the rest of the world showed June exports falling -1.3% y/y, and imports falling -7.3%. However, as highlighted in this week's chart, trade between the U.S. and China is falling even more rapidly, as the 25% tariffs on $200 billion of Chinese goods announced in May and the retaliatory tariffs on $60 billion of U.S. goods went into effect. Chinese exports to the U.S. were down -7.8% y/y, while Chinese imports from the U.S. dropped a staggering -31.4% y/y in June. Given slowing growth and trade weakness, until the U.S. and China reach a concrete trade resolution, Chinese growth is likely to hover near the bottom of the expected growth range of 6%-6.5%.

CHART OF THE WEEK

U.S.-China trade continues to decline

Please see important disclosure on next page.
Weekly Market Recap


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 consisting 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 Capital High Yield Index; provided by: Barclays Capital Index:

Key Interest Rates: 2 Year Treasury, FactSet; 10 Year Treasury, FactSet; 30 Year Treasury, FactSet; 10 Year German Bund, FactSet. 3 Month LIBOR, British Banks’ 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 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), Russell 500 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 Growth Index (The Russell Mid Cap Index includes the smallest 1,000 securities in the Russell 1000), 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 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 Growth Index (The Russell 2000 includes the smallest 2,000 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.

Opinions and estimates offered constitute our judgment and are subject to change without notice, as are statements of financial market trends, which are based on current market conditions. We believe the information provided here is reliable, but do not warrant its accuracy or completeness. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The views and strategies described may not be suitable for all investors. This material has been prepared for informational purposes only, and is not intended to provide, and should not be relied on for, accounting, legal or tax advice. References to future returns are not promises or even estimates of actual returns a client portfolio may achieve. Any forecasts contained herein are for illustrative purposes only and are not to be relied upon as advice or interpreted as a recommendation.

The price of equity securities may rise or fall because of changes in the broad market or changes in a company’s financial condition, sometimes rapidly or unpredictably. International investing involves a greater degree of risk and increased volatility. There is no guarantee that companies that can issue dividends will declare, continue to pay, or increase dividends. Investments in commodities may have greater volatility than investments in traditional securities, particularly if the instruments involve leverage.

J.P. Morgan Distribution Services, Inc., member of FINRA.

J.P. Morgan Asset Management is the marketing name for the asset management businesses of JPMorgan Chase & Co. Those businesses include, but are not limited to, J.P. Morgan Investment Management Inc., Security Capital Research & Management Incorporated and J.P. Morgan Alternative Asset Management, Inc. and JPMorgan Asset Management (Canada) Inc.


Unless otherwise stated, all data is as of July 22, 2019 or as of most recently available. 0903c02a81dbac80