

MARKET INSIGHTS

Weekly Market Recap

U.S. | March 18, 2019

The week in review

- Retail sales rose 0.2% m/m
- CPI/Core CPI rose 1.5% y/y / 2.1% y/y
- Durable goods orders rose 0.4% m/m
- PPI/Core PPI rose 1.9% y/y / 2.5% y/y
- New home sales at 607K
- Industrial production rose 0.1% m/m
- Consumer sentiment at 97.8
- Job openings at 7.581M

The week ahead

- FOMC meeting
- Philly Fed business outlook survey
- Flash PMI Composite
- Existing home sales

Thought of the week

2019 earnings estimates have fallen by -3.0% since the beginning of the year, roughly twice as much as the -1.5% decline seen on average during similar time periods throughout this expansion. This has been particularly harmful to 1Q19 earnings estimates, which have come under pressure and are now suggesting that the first quarter will see earnings contract on a year-over-year basis for the first time since 2Q16. That said, and as shown in this week's chart, analyst estimates tend to be overly pessimistic for the two nearest quarters, and overly optimistic for the quarters beyond that. In other words, earnings estimates for 4Q19 and beyond are likely too high, but 1Q19 earnings should not fare as poorly as analysts currently expect. In fact, once historical biases are taken into account, we expect 1Q19 earnings growth will shake out in positive territory. That said, investors should prepare for greater downside risk and higher volatility by looking to sectors that have historically generated more of their total return from dividends, but are not overly sensitive to changes in interest rates. In our view, there are opportunities in certain sectors - financials, industrials, energy and materials - that can help to achieve this desired outcome.

Please see important disclosure on next page.

WEEKLY DATA CENTER

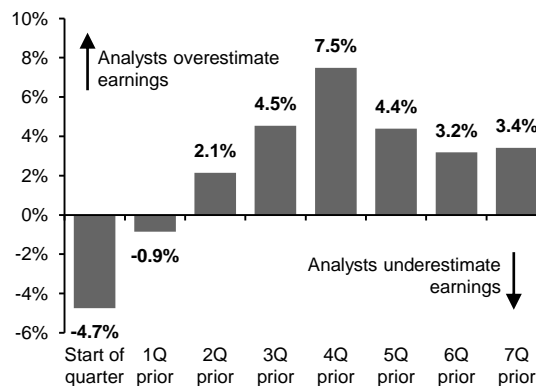
Equities	Level	Index Returns (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
S&P 500	2822	2.95	13.11	13.11	4.80	48.81
Dow Jones 30	25849	1.64	11.47	11.47	6.35	61.06
Russell 2000	3861	2.13	15.51	15.51	-0.12	51.79
Russell 1000 Growth	994.53	3.19	14.76	14.76	6.26	60.86
Russell 1000 Value	753.76	2.59	12.26	12.26	3.11	37.79
MSCI EAFE	1890	2.81	10.53	10.53	-4.51	27.31
MSCI EM	1057	2.67	9.76	9.76	-10.57	44.99
NASDAQ	7689	3.81	16.16	16.16	3.89	68.18

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	3.11	0.23	1.72	1.72	3.72	6.19
U.S. Corporates	3.82	0.36	3.46	3.46	3.70	11.52
Municipals (10yr)	2.32	0.08	2.05	2.05	5.50	8.33
High Yield	6.84	0.73	6.59	6.59	4.99	28.07

Key Rates	Levels (%)					
	3/15/19	3/8/19	12/31/18	12/31/18	3/15/18	3/15/16
2-yr U.S. Treasuries	2.43	2.45	2.48	2.48	2.29	0.98
10-yr U.S. Treasuries	2.59	2.62	2.69	2.69	2.82	1.97
30-yr U.S. Treasuries	3.02	3.00	3.02	3.02	3.05	2.73
10-yr German Bund	0.08	0.07	0.24	0.24	0.57	0.32
3-mo. LIBOR	2.63	2.60	2.81	2.81	2.18	0.64
3-mo. EURIBOR	-0.31	-0.31	-0.31	-0.31	-0.33	-0.23
6-mo. CD rate	0.77	0.77	0.68	0.68	0.51	0.35
30-yr fixed mortgage	4.64	4.64	4.84	4.84	4.69	3.94
Prime Rate	5.50	5.50	5.50	5.50	4.50	3.50

CHART OF THE WEEK

Average analyst earnings per share over/underestimates
Year-over-year % change, quarterly, average from 1Q09 to 4Q18

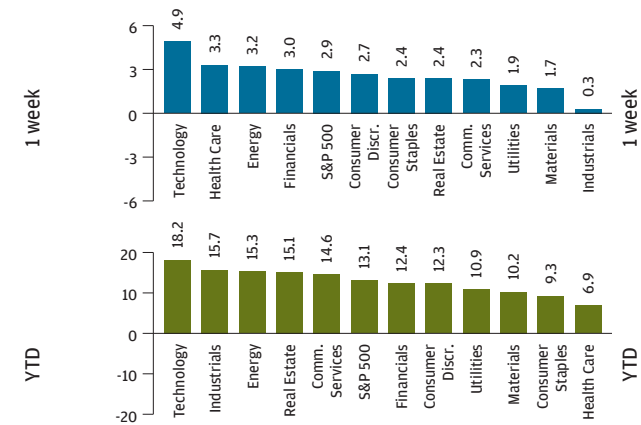


STYLE RETURNS

	V	B	G
L	2.6	2.9	3.2
M	2.2	2.4	2.7
S	1.8	2.1	2.4

	V	B	G
L	12.3	13.1	14.8
M	14.1	15.8	18.3
S	13.2	15.5	17.7

S&P 500 SECTOR RETURNS



Weekly Market Recap

U.S. | March 18, 2019

Chart of the Week: Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management. As an example, at the start of the quarter, analysts tend to underestimate the current quarter's year-over-year earnings growth by 4.7%.

Thought of the week: Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management. As an example, at the start of the quarter, analysts tend to underestimate the current quarter's year-over-year earnings growth by 4.7%.

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.

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.

JPMorgan 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.

©JPMorgan Chase & Co., March 2019.

Unless otherwise stated, all data is as of March 18, 2019 or as of most recently available.

0903c02a81dbac80