Weekly Market Recap

The week in review
- CPI/Core CPI rose 1.6% y/y / 2.1% y/y
- Jobless claims at 209k
- PPI/Core PPI rose 1.7% y/y / 2.3% y/y

The week ahead
- NY/Philly Fed mfg. survey
- Retail sales & Housing starts
- Industrial production
- Prelim. consumer sentiment

Thought of the week
With 24 companies having reported (5.2% of market cap), our current estimate for 2Q 2019 is $39.21, which represents 1.5% growth from a year prior. However, as this week’s chart shows, the earnings season is still in its early stages, and based on the average earnings surprise seen throughout this expansion of 3.8%, growth could be closer to 5.3% when all is said and done. As was the case in the first quarter, slower global growth, lower oil prices, a stronger USD, margin pressures and fading effects from tax reform are all weighing on earnings. In addition, without the 2.1% contribution to earnings per share growth from buybacks, this earnings season would look even dimmer. Given this backdrop, sector performance is expected to diverge, particularly as some sectors experience tough comparisons from a year ago. Health care looks set to be a clear standout, with earnings growth at a slower rate than in 2018. Although earnings growth is expected to remain tepid throughout this quarter and the rest of 2019, it should remain in positive territory, providing support for equity markets going forward. Furthermore, with the Fed set to cut rates, multiples could see a boost, which would also support market returns in the months ahead.

Please see important disclosure on next page.
Weekly Market Recap

Chart of the Week: Source: Standard & Poor’s, FactSet, J.P. Morgan Asset Management. Sector above each week is the largest reporting sector by market cap that week. Based on company announcements and estimated dates for companies that have not announced a date yet.

Thought of the week: Source: Standard & Poor’s, FactSet, J.P. Morgan Asset Management. Sector above each week is the largest reporting sector by market cap that week. Based on company announcements and estimated dates for companies that have not announced a date yet.

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 comprising 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.


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; 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), Russell 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 Growth 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).

Past performance does not guarantee future results.

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 upon 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 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 (Canada) Inc.


Unless otherwise stated, all data is as of July 15, 2019 or as of most recently available.

0903c02ab8d8babc80