

MARKET INSIGHTS

Weekly Market Recap

U.S. | April 22, 2019

The week in review

- Industrial production -0.1% m/m
- Trade deficit at -\$49.4bn
- Retail sales +1.6% m/m

The week ahead

- New/existing home sales
- Durable goods orders
- 1Q19 U.S. GDP growth
- Consumer sentiment

Thought of the week

The slowdown in global growth was a concern for investors in 2018, as a decelerating China, persistent trade tensions, fading effects of tax reform in the U.S. and geopolitical issues fomented uncertainty, which typically causes businesses and consumers to pause on investing and spending. Yet, risk assets have rallied on expectations that growth has not stalled, so confirmation of this in the data is crucial. As highlighted in this week's chart, preliminary manufacturing PMIs of the eurozone, France, Germany and Japan perked up slightly, and although they remain in contractionary territory, the change rather than the level may indicate an inflection. Additionally, improving data from China and stabilization in the U.S. could foreshadow bottoming weakness in other markets. Last week, Chinese industrial production rose sharply to 8.5% y/y from 5.3%, and fixed asset investment and retail sales both rose to 6.3% y/y and 8.7%, respectively. 1Q19 GDP growth was stable at 6.4%. Now, the focus will be on its April manufacturing PMI, which rebounded to 50.8 in March and will hopefully remain expansionary. Meanwhile, the U.S. flash manufacturing PMI was steady at 52.4, and improvements in construction spending and limited damage from the government shutdown earlier this year should result in stronger 1Q19 GDP growth than expected. Positive signs of growth in China and the U.S. will likely feed through to emerging markets, Europe and Japan, resulting in moderate but steady growth globally.

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	2905	-0.07	2.59	16.59	10.05	46.97
Dow Jones 30	26560	0.60	2.53	14.64	10.22	58.15
Russell 2000	3891	-1.20	1.73	16.57	0.85	43.07
Russell 1000 Growth	1035	-0.04	2.91	19.48	13.38	60.37
Russell 1000 Value	766.35	-0.31	2.19	14.38	6.16	33.98
MSCI EAFE	1921	0.35	2.68	13.07	-3.70	23.78
MSCI EM	1093	0.34	3.35	13.63	-5.11	38.87
NASDAQ	7998	0.17	3.50	20.90	11.71	67.43

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	3.04	0.06	-0.35	2.58	4.79	5.47
U.S. Corporates	3.67	0.10	0.09	5.24	5.74	10.41
Municipals (10yr)	2.20	0.04	-0.24	2.90	5.95	7.41
High Yield	6.52	0.03	1.10	8.44	5.92	26.03

Key Rates	Levels (%)					
	4/19/19	4/12/19	3/29/19	12/31/18	4/19/18	4/19/16
2-yr U.S. Treasuries	2.38	2.40	2.27	2.48	2.44	0.77
10-yr U.S. Treasuries	2.57	2.56	2.41	2.69	2.92	1.79
30-yr U.S. Treasuries	N/A	2.97	2.81	3.02	3.11	2.60
10-yr German Bund	0.02	0.05	-0.07	0.24	0.59	0.17
3-mo. LIBOR	N/A	2.60	2.60	2.81	2.36	0.63
3-mo. EURIBOR	-0.31	-0.31	-0.31	-0.31	-0.33	-0.25
6-mo. CD rate	0.80	0.80	0.79	0.68	0.54	0.34
30-yr fixed mortgage	4.44	4.44	4.36	4.84	4.66	3.83
Prime Rate	5.50	5.50	5.50	5.50	4.75	3.50

Index Characteristics			
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)
16.76	3.26	1.87	52.07
15.77	3.95	2.14	N/A
21.24	2.01	1.34	1.23
20.99	6.99	1.16	26.02
14.09	2.05	2.50	36.06
13.68	1.55	3.41	20.42
12.45	1.58	2.71	16.02
22.65	4.36	1.03	5.11

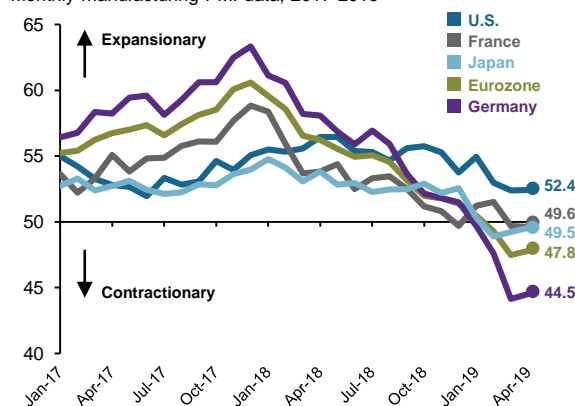
Currencies	Levels		
	4/19/19	12/31/18	4/19/18
\$ per €	1.12	1.14	1.24
\$ per £	1.30	1.27	1.42
¥ per \$	111.88	109.72	107.35

Commodities	Levels		
	4/19/19	12/31/18	4/19/18
Oil (WTI)	63.74	45.15	68.30
Gasoline	2.83	2.27	2.75
Natural Gas	2.52	2.94	2.80
Gold	1276	1279	1349
Silver	14.96	15.47	17.20
Copper	6448	5965	6942
Corn	3.32	3.42	3.58
BBG Idx	171.34	159.72	184.54

CHART OF THE WEEK

Weaker growth may be finding a floor

Monthly manufacturing PMI data, 2017-2019

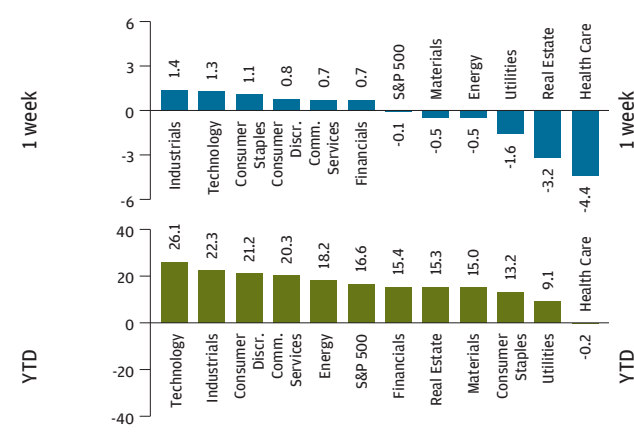


STYLE RETURNS

	V	B	G
L	-0.3	-0.1	0.0
M	-1.0	-1.0	-0.9
S	-0.8	-1.2	-1.6

	V	B	G
L	14.4	16.6	19.5
M	16.8	19.3	22.9
S	15.1	16.6	18.0

S&P 500 SECTOR RETURNS



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Chart of the Week: Source: IHS Markit, J.P. Morgan Asset Management.

Thought of the week: Source: IHS Markit, J.P. Morgan Asset Management.

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

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