

MARKET INSIGHTS

Weekly Market Recap

U.S. | October 21, 2019

The week in review

- Retail sales declined 0.3% m/m
- Jobless claims at 214k
- Housing starts at 1.256mm
- Industrial production fell 0.4% m/m
- Philadelphia Fed mfg. at 5.6
- Empire State mfg. at 4.0

The week ahead

- Flash composite PMI
- Consumer sentiment
- Durable goods
- New and existing home sales
- FHFA HPI

Thought of the week

Last week, the IMF released its latest World Economic Outlook in which it downgraded 2019 global growth to 3.0%, the slowest pace since the Great Financial Crisis. It also revised down global growth for 2020 by 0.1% to 3.4% from its last update. The report cited a broad-based softening in manufacturing as the reason for a synchronized slowdown, driven by higher tariffs as well as uncertainty surrounding trade and geopolitics. Furthermore, idiosyncratic factors are causing stress in emerging market economies, while low productivity growth and aging demographics are challenging advanced economies. The IMF also noted that the subdued growth is happening even after major central banks have moved to ease monetary policy, estimating that growth would be 0.5% slower without the support of lower interest rates. Recently, some positive news has reduced some of this uncertainty, with the U.S. and China announcing discussions of the first phase of an agreement, and the EU and UK signaling a Brexit deal. However, the reality is that there is still plenty of work to be done before sounding the all clear. For this reason, global growth is likely to remain below its long-run average, which should push the Federal Reserve to cut interest rates at its October meeting.

WEEKLY DATA CENTER

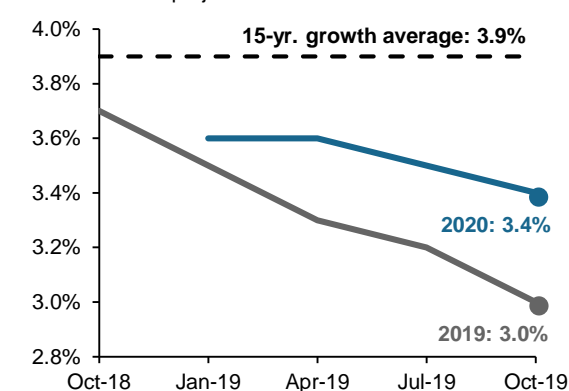
Equities	Level	Index Returns (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
S&P 500	2986	0.55	0.41	21.05	10.07	48.24
Dow Jones 30	26770	-0.13	-0.44	16.99	8.08	58.35
Russell 2000	3816	1.57	0.83	15.13	-0.17	31.39
Russell 1000 Growth	1071	0.26	0.93	24.44	12.06	63.49
Russell 1000 Value	777.29	0.73	-0.22	17.55	7.64	32.39
MSCI EAFE	1920	1.24	1.69	15.26	7.39	26.65
MSCI EM	1024	1.27	2.41	8.77	8.66	22.51
NASDAQ	8090	0.40	1.16	22.95	9.28	59.42

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	2.30	0.10	-0.17	8.34	10.89	9.30
U.S. Corporates	2.94	0.33	-0.11	13.07	13.99	14.21
Municipals (10yr)	1.69	-0.16	0.11	6.98	9.92	11.10
High Yield	6.32	0.39	0.22	11.65	7.55	18.68

Key Rates	Levels (%)					
	10/18/19	10/11/19	9/30/19	12/31/18	10/18/18	10/18/16
2-yr U.S. Treasuries	1.58	1.63	1.63	2.48	2.87	0.82
10-yr U.S. Treasuries	1.76	1.76	1.68	2.69	3.17	1.75
30-yr U.S. Treasuries	2.25	2.22	2.12	3.02	3.36	2.51
10-yr German Bund	-0.39	-0.44	-0.58	0.24	0.48	0.01
3-mo. LIBOR	1.95	2.00	2.09	2.81	2.47	0.88
3-mo. EURIBOR	-0.41	-0.42	-0.42	-0.31	-0.32	-0.31
6-mo. CD rate	0.92	0.90	0.92	0.68	0.67	0.34
30-yr fixed mortgage	3.92	3.92	3.99	4.84	5.10	3.73
Prime Rate	5.00	5.00	5.00	5.50	5.25	3.50

CHART OF THE WEEK

Global growth has been revised down in the past year
IMF world GDP projections



STYLE RETURNS

	V	B	G
L	0.7	0.6	0.3
M	0.9	0.6	0.1
S	1.6	1.6	1.5

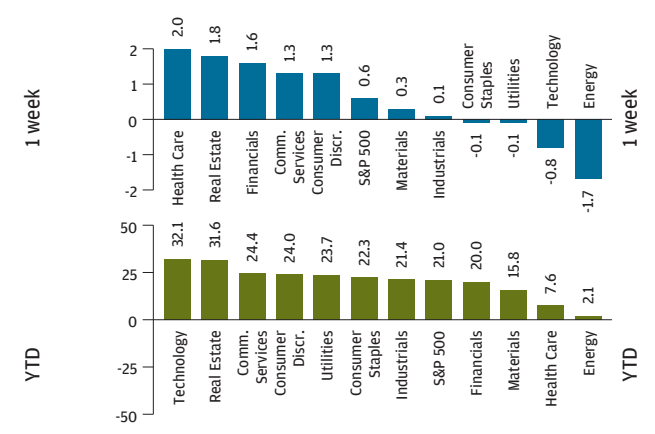
	V	B	G
L	17.6	21.0	24.4
M	18.9	21.8	25.9
S	13.6	15.1	16.5

	Index Characteristics			
	NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)
	16.90	3.28	1.89	53.33
	15.94	3.93	2.12	250.57
	21.87	1.91	1.45	1.15
	21.46	7.52	1.15	37.67
	14.19	2.00	2.54	23.66
	13.89	1.56	3.36	20.39
	12.16	1.54	2.94	14.60
	22.39	4.31	1.04	5.11

Currencies	Levels		
	10/18/19	12/31/18	10/18/18
\$ per €	1.11	1.14	1.15
\$ per £	1.29	1.27	1.31
¥ per \$	108.52	109.72	112.50

Commodities	Levels		
	10/18/19	12/31/18	10/18/18
Oil (WTI)	53.76	45.15	68.63
Gasoline	2.63	2.27	2.88
Natural Gas	2.32	2.94	3.28
Gold	1490	1279	1223
Silver	17.44	15.47	14.52
Copper	5751	5965	6147
Corn	4.01	3.42	3.20
BBG Idx	166.75	159.72	177.66

S&P 500 SECTOR RETURNS



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

Thought of the week: Source: IMF, 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 October 21, 2019 or as of most recently available.

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