

## MARKET INSIGHTS

## Weekly Market Recap

U.S. | January 25, 2021

## The week in review

- Flash Markit mfg./srvs. PMI at 59.1/57.5
- Housing starts rose to 1,669K
- Existing home sales at 6.76M

## The week ahead

- FOMC meeting
- 4Q20 real GDP
- Personal income and consumption
- Durable goods orders
- Consumer confidence
- New/pending home sales

## Thought of the week

The resurgent pandemic has clearly led to a slowdown in consumer activity, which should be evident in this week's GDP report for the fourth quarter. As shown, we now estimate growth slowed to 5.2% q/q saar as partial lockdowns and a lapse in fiscal support through most of the quarter caused consumption growth to slow considerably. After bouncing 41% annualized in 3Q20, contributing 25 percentage points to GDP growth, we estimate consumption grew just 3.2% in 4Q20, contributing just 2.2 percentage points to growth. While the cooling in consumer spending may be notable, other parts of the economy likely showed continued modest recovery. We believe low interest rates and elevated cash balances allowed businesses to increase fixed investment and rebuild their inventories while the housing sector remained a bright spot, supported by low mortgage rates. It is worth noting that slowing momentum in the fourth quarter is likely to continue into the first, potentially shifting growth negative in 1Q21. With that said, the \$900 billion fiscal stimulus passed in December, and the likelihood that the incoming administration will push through at least another \$1 trillion in fiscal support in the coming months, should result in a renewed surge in growth for the rest of the year.

## WEEKLY DATA CENTER

Equities	Level	Index Returns (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
S&P 500	3841	1.96	2.36	2.36	17.77	43.68
Dow Jones 30	30997	0.63	1.37	1.37	8.67	26.77
Russell 2000	5390	2.15	9.84	9.84	30.47	40.76
Russell 1000 Growth	1648	3.91	2.70	2.70	35.60	78.55
Russell 1000 Value	854.36	-0.17	2.63	2.63	4.46	16.84
MSCI EAFE	2200	0.70	2.48	2.48	10.13	11.91
MSCI EM	1393	2.57	7.89	7.89	25.89	22.08
NASDAQ	13543	4.19	5.10	5.10	45.60	88.46

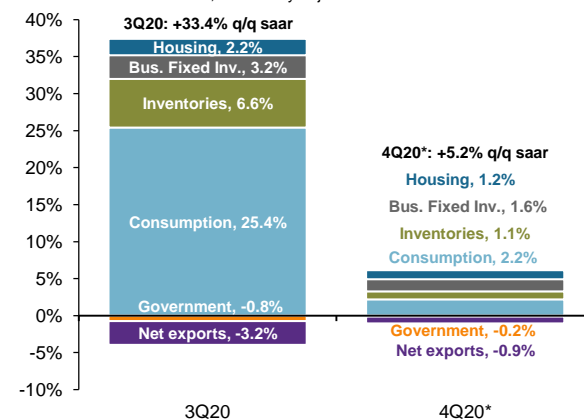
Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	1.19	0.01	-0.75	-0.75	5.75	17.24
U.S. Corporates	1.91	-0.08	-1.22	-1.22	7.08	22.55
Municipals (10yr)	0.87	0.21	0.19	0.19	4.43	16.11
High Yield	4.90	0.13	0.48	0.48	6.92	19.68

Key Rates	Levels (%)					
	1/22/21	1/15/21	12/31/20	12/31/20	1/22/20	1/22/18
2-yr U.S. Treasuries	0.13	0.13	0.13	0.13	1.53	2.08
10-yr U.S. Treasuries	1.10	1.11	0.93	0.93	1.77	2.66
30-yr U.S. Treasuries	1.85	1.85	1.65	1.65	2.22	2.93
10-yr German Bund	-0.51	-0.55	-0.58	-0.58	-0.27	0.58
3-mo. LIBOR	0.22	0.22	0.24	0.24	1.80	1.74
3-mo. EURIBOR	-0.54	-0.55	-0.55	-0.55	-0.39	-0.33
6-mo. CD rate	0.19	0.19	0.26	0.26	0.76	0.48
30-yr fixed mortgage	2.92	2.92	2.90	2.90	3.87	4.36
Prime Rate	3.25	3.25	3.25	3.25	4.75	4.50

## CHART OF THE WEEK

## Growth expected to slow in 4Q20

% contribution to real GDP, seasonally adjusted



## STYLE RETURNS

	V	B	G
L	-0.2	2.0	3.9
M	0.3	0.8	1.8
S	1.3	2.2	2.9

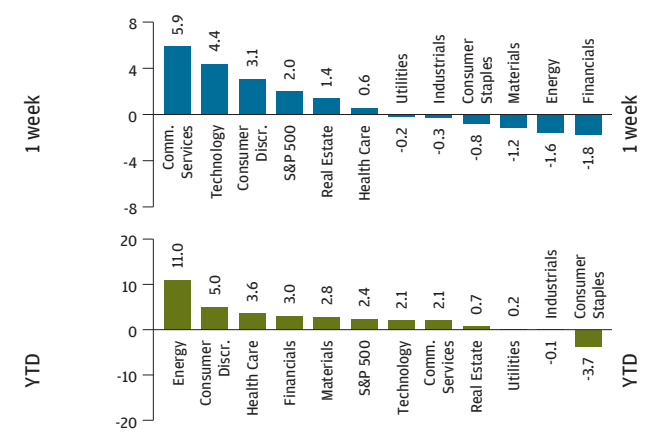
	V	B	G
L	2.6	2.4	2.7
M	3.9	4.0	4.1
S	9.2	9.8	10.4

Index Characteristics	Levels		
	NTM P/E	P/B	Div. Yld.
	22.44	4.18	1.49
	20.35	4.69	2.02
	32.10	2.53	1.08
	31.77	12.15	0.71
	17.86	2.44	2.17
	17.62	1.75	2.37
	16.42	2.16	1.97
	34.71	6.67	0.67

Currencies	Levels		
	1/22/21	12/31/20	1/22/20
\$ per €	1.22	1.22	1.11
\$ per £	1.37	1.37	1.31
¥ per \$	103.80	103.25	109.91

Commodities	Levels		
	1/22/21	12/31/20	1/22/20
Oil (WTI)	52.27	48.35	56.76
Gasoline	2.38	2.20	2.54
Natural Gas	2.45	2.36	1.89
Gold	1853	1888	1557
Silver	25.32	26.49	17.77
Copper	7872	7742	6104
Corn	5.09	4.74	3.81
BBG Idx	168.90	166.63	167.45

## S&amp;P 500 SECTOR RETURNS



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*Chart of the Week:* Source: BEA, J.P. Morgan Asset Management. \*Forecasts are based on JPMAM estimates. Data are as of January 22, 2021.

*Thought of the week:* Source: BEA, J.P. Morgan Asset Management. \*Forecasts are based on JPMAM estimates. Data are as of January 22, 2021.

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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**Diversification does not guarantee investment returns and does not eliminate the risk of loss.**

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Unless otherwise stated, all data is as of January 25, 2021 or as of most recently available.

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