

MARKET INSIGHTS

Weekly Market Recap

U.S. | October 11, 2021

The week in review

- Unemployment rate decreased to 4.8%
- Durable orders: +1.8% (m/m)
- Hourly earnings: +0.60% (m/m)

The week ahead

- NFIB survey
- JOLTS
- Retail sales
- Consumer sentiment

Thought of the week

With 4.6% of market cap reporting, our current estimate for Q3 2021 S&P 500 operating earnings per share (EPS) is \$48.25 (\$40.42 ex-financials). This represents EPS growth of 27.3% from a year prior, and 21.2% since 3Q19. However, on a sequential basis, estimates point to an earnings contraction of 7.3% q/q. The projected slowdown in quarterly growth can be attributed to macro headwinds such as the spread of the delta variant, supply chain disruptions, slower economic growth and rising wages. That said, the average price of oil increased 73.4% during the quarter and the U.S. dollar declined by 1.4%, both of which should help support earnings. At the sector level, energy, materials and industrials are projected to lead the way, while financial profits look to have declined. Health care is expected to see earnings rise 37.2% y/y, and technology and communication services should also post solid gains. Although current estimates are showing an earnings decline relative to the second quarter, on average analysts tend to underestimate earnings by 5.3% at the start of the quarter. As such, earnings may surprise to the upside, supporting equity markets against a backdrop of higher volatility.

WEEKLY DATA CENTER

Equities	Level	Index Returns (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
S&P 500	4391	0.83	1.99	18.23	29.29	60.75
Dow Jones 30	34746	1.27	2.71	15.17	24.57	40.26
Russell 2000	5550	-0.37	1.32	13.89	38.49	42.46
Russell 1000 Growth	1849	0.33	1.37	15.87	26.78	89.62
Russell 1000 Value	976.88	1.26	2.53	19.07	32.94	36.09
MSCI EAFE	2270	0.30	-0.46	8.29	22.93	30.00
MSCI EM	1257	0.86	0.34	-0.66	15.15	36.61
NASDAQ	14580	0.10	0.92	13.70	28.52	93.70

Fixed Income	Yield	Index Returns (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	1.64	-0.78	-0.50	-2.05	-1.19	17.47
U.S. Corporates	2.26	-1.16	-0.77	-2.03	0.86	24.41
Municipals (10yr)	1.05	-0.16	-0.17	0.24	2.47	17.03
High Yield	4.76	-0.33	-0.33	4.19	9.60	22.33

Key Rates	Levels (%)					
	10/8/21	10/1/21	9/30/21	12/31/20	10/8/20	10/8/18
2-yr U.S. Treasuries	0.32	0.27	0.28	0.13	0.13	2.88
10-yr U.S. Treasuries	1.61	1.48	1.52	0.93	0.78	3.23
30-yr U.S. Treasuries	2.16	2.04	2.08	1.65	1.57	3.40
10-yr German Bund	-0.16	-0.23	-0.19	-0.58	-0.52	0.53
3-mo. LIBOR	0.12	0.13	0.13	0.24	0.22	2.41
3-mo. EURIBOR	-0.55	-0.55	-0.55	-0.55	-0.51	-0.32
6-mo. CD rate	0.16	0.16	0.16	0.26	0.30	0.68
30-yr fixed mortgage	3.14	3.14	3.10	2.90	3.01	5.05
Prime Rate	3.25	3.25	3.25	3.25	3.25	5.25

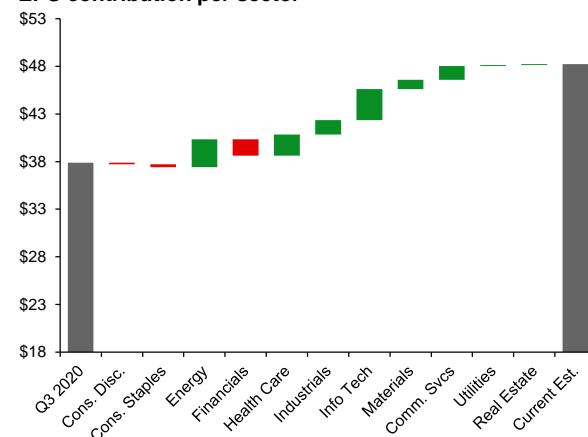
Index Characteristics				
	NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)
	20.42	4.39	1.31	81.12
	18.46	4.77	1.71	359.73
	25.35	2.53	0.89	1.77
	28.90	12.33	0.68	61.40
	16.11	2.56	1.85	36.01
	15.15	1.79	2.52	27.12
	12.77	1.90	2.24	19.06
	29.84	6.45	0.63	7.62

Currencies	Levels		
	10/8/21	12/31/20	10/8/20
\$ per €	1.16	1.22	1.17
\$ per £	1.36	1.37	1.29
¥ per \$	112.04	103.25	106.03

Commodities	Levels		
	10/8/21	12/31/20	10/8/20
Oil (WTI)	79.35	48.35	41.04
Gasoline	3.19	2.20	2.17
Natural Gas	5.57	2.36	1.49
Gold	1773	1888	1887
Silver	22.55	26.49	23.96
Copper	9246	7742	6612
Corn	5.01	4.74	3.60
BBG Idx	219.15	166.63	154.01

CHART OF THE WEEK

EPS contribution per sector

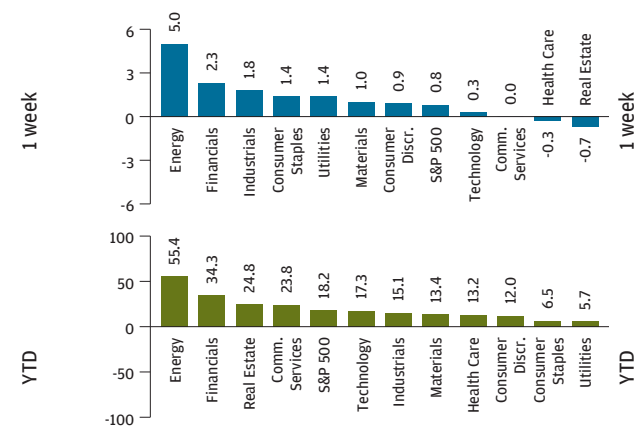


STYLE RETURNS

	V	B	G
L	1.3	0.8	0.3
M	1.1	0.6	-0.3
S	0.5	-0.4	-1.2

	V	B	G
L	19.1	18.2	15.9
M	21.3	17.3	10.3
S	25.9	13.9	3.1

S&P 500 SECTOR RETURNS



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Chart of the Week: Source: Standard & Poor's, FactSet, J.P. Morgan Asset Management. Data are as of October 8, 2021.

Thought of the week: Source: Standard & Poor's, FactSet, J.P. Morgan Asset Management. Data are as of October 8, 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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Unless otherwise stated, all data is as of October 11, 2021 or as of most recently available.

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