

MARKET INSIGHTS

Weekly Market Recap

U.S. | May 3, 2021

The week in review

- PCE inflation +1.8% y/y
- U.S. household income +21.1% m/m

The week ahead

- ISM Manufacturing PMI
- Unemployment rate

Thought of the week

The U.S. economy, as measured by real GDP, accelerated in 1Q21, recording an annualized increase of 6.4%. Almost a year removed from the 2Q20 contraction of -31.4%, it is clear that the economy is in the midst of a swift, consumer-driven recovery; this latest reading is the third consecutive quarter of above-trend growth, following strong GDP prints in 3Q20 (+33.4%) and 4Q20 (+4.3%). Under the hood, 1Q21 personal consumption expenditures rose at a SAAR of 10.7% with the goods and services components up 23.6% and 4.6%, respectively. Strength in the services sector was driven by increasing vaccinations and gradual return to normalcy, as evidenced by solid q/q growth in air transportation (+11.5%), accommodations (+9.5%) and food services (+5.8%). Recent market performance has also been stellar, with the S&P 500 and NASDAQ indices hitting record highs last week on the back of a blowout 1Q earnings season. The quick rebound in the U.S. economy and equity market has directed increased attention to the Fed. For now, the Fed remains accommodative, electing at the most recent FOMC meeting to once again not adjust the target federal funds rate and reaffirming its commitment to asset purchases until "substantial further progress is made." However, Chair Powell did highlight the vaccination campaign and fiscal stimulus as the primary drivers of the recovery and even noted improvements in the sectors hardest hit by the pandemic. As a result, with the backdrop of a robust recovery, investors should be positioned for higher yields as strong growth and higher inflation are realized in the quarters to come.

Please see important disclosure on next page.

WEEKLY DATA CENTER

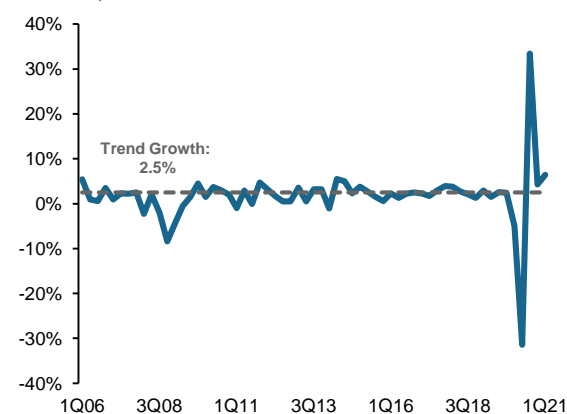
Equities	Level	Index Returns (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
S&P 500	4181	0.04	5.34	11.84	45.98	67.11
Dow Jones 30	33875	-0.50	2.78	11.30	42.12	50.20
Russell 2000	5633	-0.23	2.10	15.07	74.91	52.99
Russell 1000 Growth	1726	-0.55	6.80	7.81	51.41	97.07
Russell 1000 Value	957.98	0.43	4.00	15.70	45.92	41.62
MSCI EAFE	2269	-0.74	3.09	6.80	40.45	21.75
MSCI EM	1348	-0.37	2.50	4.90	49.21	25.65
NASDAQ	13963	-0.38	5.43	8.55	58.30	103.49

Fixed Income	Yield	Index Returns (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	1.53	-0.18	0.79	-2.61	-0.27	16.39
U.S. Corporates	2.22	-0.29	1.11	-3.59	4.46	22.24
Municipals (10yr)	0.93	-0.22	0.79	0.21	7.36	17.77
High Yield	4.79	0.20	1.09	1.95	19.67	22.49

Key Rates	Levels (%)					
	4/30/21	4/23/21	3/31/21	12/31/20	4/30/20	4/30/18
2-yr U.S. Treasuries	0.16	0.16	0.16	0.13	0.20	2.49
10-yr U.S. Treasuries	1.65	1.58	1.74	0.93	0.64	2.95
30-yr U.S. Treasuries	2.30	2.25	2.41	1.65	1.28	3.11
10-yr German Bund	-0.21	-0.25	-0.30	-0.58	-0.57	0.59
3-mo. LIBOR	0.18	0.18	0.19	0.24	0.56	2.36
3-mo. EURIBOR	-0.54	-0.54	-0.54	-0.55	-0.27	-0.33
6-mo. CD rate	0.17	0.17	0.18	0.26	0.44	0.55
30-yr fixed mortgage	3.17	3.17	3.33	2.90	3.43	4.80
Prime Rate	3.25	3.25	3.25	3.25	3.25	4.75

CHART OF THE WEEK

Above-trend GDP growth continues in 1Q21
2006-2021, SAAR



STYLE RETURNS

	V	B	G
L	0.4	0.0	-0.6
M	0.3	-0.4	-1.7
S	0.0	-0.2	-0.5

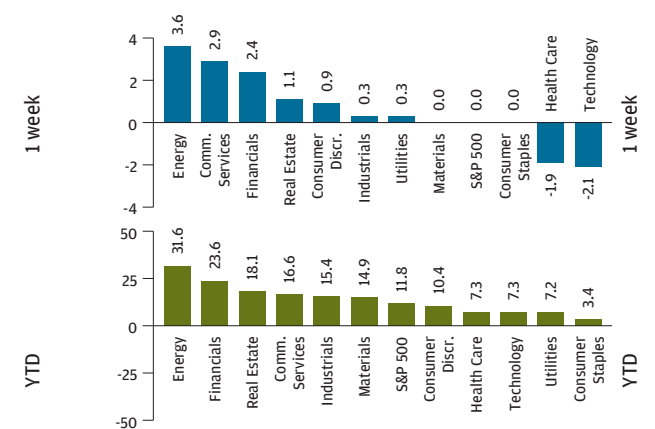
	V	B	G
L	15.7	11.8	7.8
M	18.5	13.7	5.0
S	23.6	15.1	7.2

Index Characteristics	Index Characteristics			
	NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)
	21.71	4.20	1.36	76.88
	19.61	4.78	1.78	340.35
	28.81	2.57	0.90	1.70
	29.46	11.40	0.71	60.45
	17.81	2.53	1.89	34.96
	16.67	1.76	2.27	26.07
	14.44	2.04	1.84	19.51
	31.53	6.39	0.65	7.76

Currencies	Levels		
	4/30/21	12/31/20	4/30/20
\$ per €	1.20	1.22	1.10
\$ per £	1.38	1.37	1.26
¥ per \$	109.31	103.25	106.94

Commodities	Levels		
	4/30/21	12/31/20	4/30/20
Oil (WTI)	63.58	48.35	19.23
Gasoline	2.87	2.20	1.77
Natural Gas	2.93	2.36	1.63
Gold	1768	1888	1703
Silver	25.88	26.49	15.34
Copper	9949	7742	5231
Corn	6.56	4.74	2.95
BBG Idx	192.93	166.63	129.91

S&P 500 SECTOR RETURNS



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Chart of the Week: Source: BEA, J.P. Morgan Asset Management. Data are as of April 30, 2021

Thought of the week: Source: BEA, J.P. Morgan Asset Management. Data are as of April 30, 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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