

MARKET INSIGHTS

Weekly Market Recap

U.S. | March 28, 2016

The week in review

- Existing home sales 5.1 m
- New home sales 512 k
- Durable goods orders up 1.8% y/y
- Mfg. PMI flash 51.4
- 4Q GDP 1.4% q/q saar

The week ahead

- Personal income
- Consumer spending
- International trade
- Unemployment rate
- Mfg. PMI
- ISM mfg. index

Thought of the week

A moderation of the dollar's rise in the first part of this year has eased the headwinds on several asset classes. Dollar strength played a contributing role in the poor performance of emerging market equities and commodities in 2015, and definitely hurt U.S. investors' returns abroad. Despite a rise of 11% against a broad basket of currencies last year, the dollar has fallen 2% so far this year versus the same basket. The largest factor in the dollar's moderation is likely the lowered expectations across the market for the Federal Reserve (the Fed) to continue hiking rates. The prospect of higher rates led many investors to seek out U.S. assets before the Fed began to hike; volatility in markets and worries about the strength of the U.S. economy led many investors to ratchet down their expectations of rate hikes. The Fed's March projections for rate hikes confirmed what investors had been betting, that the Fed is likely to raise rates at an even more gradual pace than originally intended. This slow tightening should help ease headwinds on those investments most hurt by a high dollar, although extremely easy monetary policy elsewhere should still mean the path of least resistance for the dollar is up.

WEEKLY DATA CENTER

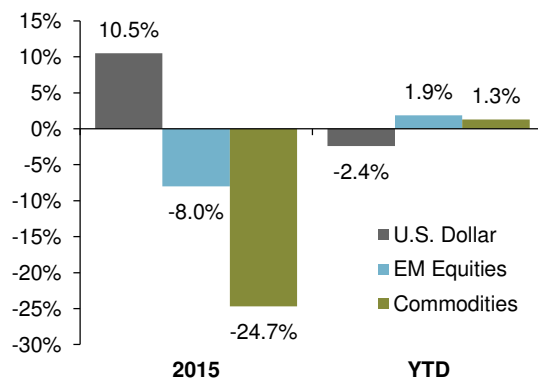
Equities	Level	Index Returns (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
S&P 500	2036	-0.21	0.14	0.14	-0.52	39.31
Dow Jones 30	17516	0.20	1.22	1.22	-0.20	29.88
Russell 2000	2683	-1.05	-4.65	-4.65	-13.31	18.82
Russell 1000 Growth	652.84	0.08	-0.87	-0.87	-0.38	45.76
Russell 1000 Value	595.75	-0.57	0.65	0.65	-3.21	30.56
MSCI EAFE	1619	-2.57	-5.02	-5.02	-12.15	5.30
MSCI EM	813.61	-0.33	2.80	2.80	-14.46	-12.76
NASDAQ	4774	-0.03	-4.38	-4.38	-3.26	52.62

Fixed Income	Yield	Index Returns (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	2.30	0.14	2.39	2.39	1.20	7.18
U.S. Corporates	3.35	0.55	3.19	3.19	-0.09	8.69
Municipals (10yr)	1.94	0.12	1.30	1.30	3.70	11.63
High Yield	8.49	-0.13	3.00	3.00	-3.80	5.42

Key Rates	Levels (%)					
	3/24/16	3/17/16	12/31/15	12/31/15	3/24/15	3/22/13
2-yr U.S. Treasuries	0.89	0.87	1.06	1.06	0.58	0.26
10-yr U.S. Treasuries	1.91	1.91	2.27	2.27	1.88	1.93
30-yr U.S. Treasuries	2.67	2.69	3.01	3.01	2.46	3.13
10-yr German Bund	0.18	0.23	0.63	0.63	0.21	1.38
3-mo. LIBOR	0.63	0.62	0.61	0.61	0.27	0.28
3-mo. EURIBOR	-0.24	-0.23	-0.13	-0.13	0.02	0.22
6-mo. CD rate	0.35	0.35	0.35	0.35	0.38	0.34
30-yr fixed mortgage	3.93	3.94	4.19	4.19	3.90	3.79
Prime Rate	3.50	3.50	3.50	3.50	3.25	3.25

CHART OF THE WEEK

A slightly lower dollar is less of a headwind
Broad trade-weighted USD, MSCI EM price, BBG comdty.



STYLE RETURNS

	V	B	G
L	-0.6	-0.2	0.1
M	-1.0	-0.6	-0.2
S	-1.4	-1.1	-0.7

1 week

	V	B	G
L	0.7	0.1	-0.9
M	2.1	0.3	-1.5
S	-1.0	-4.7	-8.2

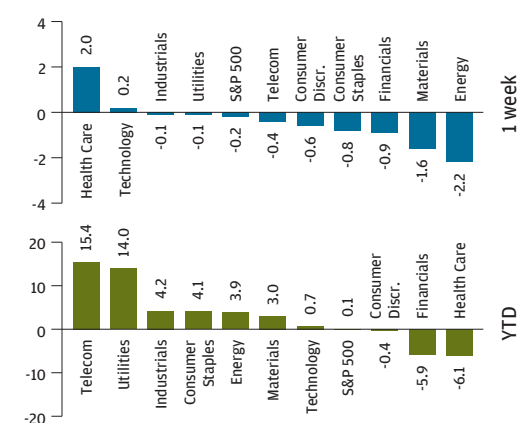
YTD

Index Characteristics			
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)
16.43	2.60	2.19	38.04
15.59	2.91	2.82	N/A
23.66	1.77	1.51	0.95
17.65	5.12	1.60	19.59
15.54	1.66	2.65	24.00
14.28	1.45	3.52	16.97
11.90	1.31	3.01	10.97
20.50	3.32	1.05	3.22

Levels			
Currencies	3/24/16	12/31/15	3/24/15
\$ per €	1.12	1.09	1.09
\$ per £	1.41	1.47	1.49
¥ per \$	112.65	120.30	119.93

Levels			
Commodities	3/24/16	12/31/15	3/24/15
Oil (WTI)	39.49	37.13	47.03
Gasoline	N/A	2.04	2.46
Natural Gas	1.72	2.28	2.79
Gold	1221	1060	1192
Silver	15.28	13.82	16.97
Copper	4931	4702	6128
Corn	3.61	3.49	3.85
BBG Idx	159.82	158.31	201.42

S&P 500 SECTOR RETURNS



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Chart of the Week: Source: Bloomberg, FactSet, Federal Reserve, MSCI, J.P. Morgan Asset Management.

Thought of the week: Source: Bloomberg, FactSet, Federal Reserve, MSCI, 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

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 March 28, 2016 or as of most recently available.