



JPMORGAN ASSET MANAGEMENT

Weekly Market Recap

October 5, 2020

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MARKET INSIGHTS

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The week in review

- Unemployment rate at 7.9%
- Markit/ISM mfg. PMI at 53.2/55.4
- Core PCE/PCE rose 1.6%/1.4% y/y
- Initial jobless claims at 837K
- Pending home sales jumped 8.8% m/m
- Consumer confidence rose to 101.8

The week ahead

- Markit/ISM srvs. PMI
- JOLTS

Thought of the week

As we enter the fourth quarter, investors may find themselves optimistic about the prospects for economic growth after what will likely be an impressive rebound in GDP in the third. Indeed, following an historic 31.4% q/q contraction in 2Q, data suggests the third quarter will likely see an equally impressive 35% q/q gain. While visually this may appear to be a “V”-shaped recovery, investors should recognize that the continuing effects of the pandemic and indecision on fiscal stimulus from Washington will likely cause growth to moderate into 2021. As evidenced last week, the unemployment rate still remains elevated, personal incomes fell 2.7% in August as a result of the lapse in Federal unemployment insurance benefits and manufacturing activity has moderated after rebounding strongly. Altogether, growth should moderate to roughly 2-3% through 1H21. As shown in this week’s chart, if our 3Q20 estimate is realized, it would still leave the level of 3Q real GDP about 4.2% below the pre-COVID-19 trend and about 3.1% below the level of GDP in 4Q19. To put in context, the financial crisis resulted in a 4.0% decline in GDP, highlighting the magnitude of the last recession. It still looks like 2021 will be a year of recovery for the economy, albeit a modest one until the distribution of a vaccine. This suggests the need to hedge against equity volatility in the short run while maintaining equity exposure to take advantage of an economic surge once COVID-19 has been tamed.

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	3348	1.54	-0.42	5.13	18.20	40.41
Dow Jones 30	27683	1.88	-0.35	-1.25	8.72	31.67
Russell 2000	3826	4.42	2.11	-6.76	5.53	6.29
Russell 1000 Growth	1432	1.41	-0.85	23.28	40.19	78.22
Russell 1000 Value	724.59	2.20	0.51	-11.13	-1.38	8.00
MSCI EAFE	1855	1.57	0.02	-6.71	3.14	3.50
MSCI EM	1082	2.22	0.02	-0.89	12.24	8.50
NASDAQ	11075	1.50	-0.82	24.31	43.64	75.35

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	1.20	-0.09	-0.05	6.74	6.59	16.51
U.S. Corporates	2.06	0.06	0.02	6.66	7.63	20.45
Municipals (10yr)	1.17	-0.13	-0.08	3.69	4.30	13.89
High Yield	6.08	0.89	0.16	0.78	3.91	13.31

Key Rates	Levels (%)					
	10/2/20	9/25/20	9/30/20	12/31/19	10/2/19	10/2/17
2-yr U.S. Treasuries	0.13	0.12	0.13	1.58	1.48	1.49
10-yr U.S. Treasuries	0.70	0.66	0.69	1.92	1.60	2.34
30-yr U.S. Treasuries	1.48	1.40	1.46	2.39	2.09	2.87
10-yr German Bund	-0.54	-0.53	-0.53	-0.19	-0.54	0.46
3-mo. LIBOR	0.23	0.22	0.23	1.91	2.06	1.34
3-mo. EURIBOR	-0.51	-0.50	-0.50	-0.38	-0.43	-0.33
6-mo. CD rate	0.30	0.31	0.30	0.79	0.92	0.46
30-yr fixed mortgage	3.05	3.05	3.05	3.95	3.99	4.12
Prime Rate	3.25	3.25	3.25	4.75	5.00	4.25

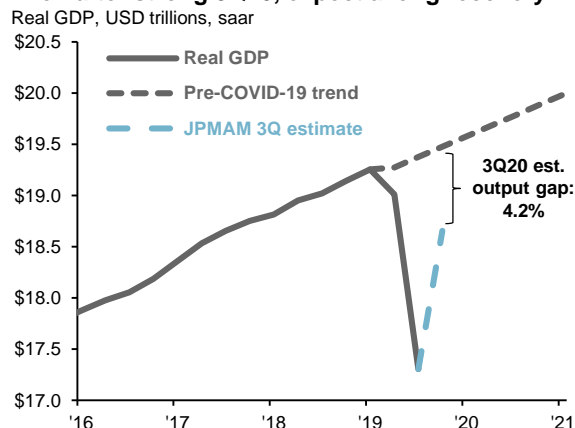
Index Characteristics			
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)
21.42	3.56	1.74	59.79
20.20	4.19	2.31	290.19
36.75	1.84	1.61	1.14
30.15	10.06	0.80	50.69
17.29	2.04	2.61	26.90
17.23	1.50	2.67	20.35
14.69	1.64	2.35	15.99
31.91	5.36	0.81	6.77

Currencies	Levels		
	10/2/20	12/31/19	10/2/19
\$ per €	1.17	1.12	1.09
\$ per £	1.29	1.32	1.23
¥ per \$	105.36	108.68	107.35

Commodities	Levels		
	10/2/20	12/31/19	10/2/19
Oil (WTI)	37.05	61.14	52.67
Gasoline	2.17	2.57	2.64
Natural Gas	2.44	2.09	2.36
Gold	1903	1515	1493
Silver	23.87	18.05	17.26
Copper	6410	6156	5629
Corn	3.50	3.77	3.79
BBG Idx	148.98	172.00	164.19

CHART OF THE WEEK

Even after strong 3Q20, expect a long recovery

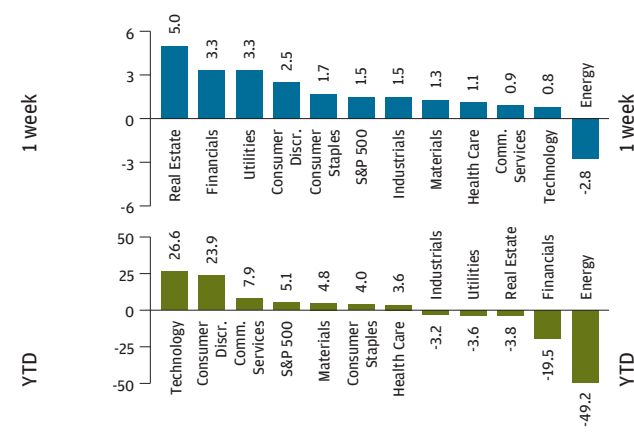


STYLE RETURNS

	V	B	G
L	2.2	1.5	1.4
M	3.4	3.2	2.7
S	5.7	4.4	3.3

	V	B	G
L	-11.1	5.1	23.3
M	-11.3	-1.1	14.4
S	-19.0	-6.8	5.0

S&P 500 SECTOR RETURNS



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Chart of the Week: Source: BEA, FactSet, J.P. Morgan Asset Management. Trendline is based on the trend in the level of the real GDP over the past decade. JPMAM 3Q20 estimate assumes a 35.1% q/q gain. Data are as of October 1, 2020.

Thought of the week: Source: BEA, FactSet, J.P. Morgan Asset Management. Trendline is based on the trend in the level of the real GDP over the past decade. JPMAM 3Q20 estimate assumes a 35.1% q/q gain. Data are as of October 1, 2020.

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 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 5, 2020 or as of most recently available.

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