



**JPMORGAN ASSET MANAGEMENT**

# Weekly Market Recap

## April 20, 2020

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C20-15698 | 04/2020 | EXP 03/31/2021

## MARKET INSIGHTS

## Weekly Market Recap

U.S. | April 20, 2020

## The week in review

- Retail sales fell -8.7% m/m
- Industrial production fell -5.4% m/m
- Jobless claims at 5.245M
- Housing starts fell to 1.216M

## The week ahead

- Flash mfg. & services PMIs
- Durable goods, consumer sentiment
- New & existing home sales

## Thought of the week

The 1Q20 earnings season unofficially kicked off last week, providing investors with a first glimpse of how businesses are faring since the outbreak of COVID-19. Overall, 41 companies (12.1% of market cap) have reported, and we currently estimate that S&P 500 profits contracted -14.6% in the first quarter relative to a year ago. However, not all sectors are created equal. In general, those sectors that are more sensitive to a social distancing shutdown of the economy are set to see profits come under severe pressure, while those sectors that are somewhat insulated or are seeing benefits from a stay-at-home economy are expected to see profits grow on a year-over-year basis. Against this backdrop, a strong rally in equity markets suggests that investors have been more focused on the spread of COVID-19, and less focused on the fundamental data, as evidenced by the tight correlation between the slowing growth in COVID-19 cases and the strong rally in the S&P 500 since the market low on March 23. This may also suggest that investors are simply looking past the bad fundamental data that is expected over the next few months and focusing more on what comes after the COVID-19 pandemic. Given widespread uncertainty, we do not believe that investors should be blindly adding beta exposure, but should instead focus on quality companies with high profit margins and low leverage that will be better equipped to navigate this difficult and uncertain environment.

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	2875	3.06	11.32	-10.49	1.10	29.90
Dow Jones 30	24242	2.24	10.72	-14.45	-6.06	26.14
Russell 2000	3055	-1.40	6.64	-26.00	-20.41	-5.87
Russell 1000 Growth	1127	5.34	12.52	-3.35	10.61	55.69
Russell 1000 Value	664.54	0.21	9.90	-19.48	-10.88	3.60
MSCI EAFE	1622	0.98	4.06	-19.58	-13.08	0.13
MSCI EM	901.31	1.58	6.33	-18.73	-15.28	1.84
NASDAQ	8650	6.09	12.37	-3.32	9.34	52.53

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	1.46	0.70	1.54	4.74	11.18	15.97
U.S. Corporates	2.75	2.27	5.05	1.23	10.36	17.62
Municipals (10yr)	1.65	0.52	0.94	0.54	5.28	13.05
High Yield	7.94	2.60	5.85	-7.57	-2.59	7.89

Key Rates	Levels (%)					
	4/17/20	4/9/20	3/31/20	12/31/19	4/17/19	4/17/17
2-yr U.S. Treasuries	0.20	0.23	0.23	1.58	2.40	1.21
10-yr U.S. Treasuries	0.65	0.73	0.70	1.92	2.59	2.26
30-yr U.S. Treasuries	1.27	1.35	1.35	2.39	2.99	2.92
10-yr German Bund	-0.48	-0.34	-0.49	-0.19	0.08	0.19
3-mo. LIBOR	1.11	1.22	1.45	1.91	2.59	1.16
3-mo. EURIBOR	-0.24	-0.22	-0.36	-0.38	-0.31	-0.33
6-mo. CD rate	0.45	0.48	0.49	0.79	0.80	0.38
30-yr fixed mortgage	3.45	3.45	3.47	3.95	4.44	4.22
Prime Rate	3.25	3.25	3.25	4.75	5.50	4.00

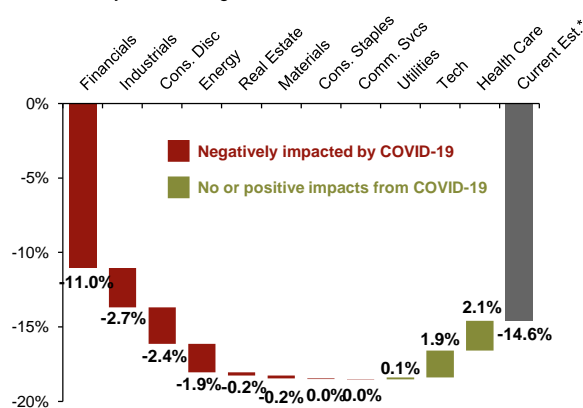
Index Characteristics	Levels			
	NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)
	19.13	3.20	2.02	51.28
	18.71	3.75	2.62	250.52
	26.05	1.76	1.81	0.94
	23.93	7.65	1.16	38.49
	15.56	1.82	3.06	20.59
	14.48	1.43	4.11	17.36
	12.26	1.50	3.20	13.13
	26.20	4.60	1.01	5.35

Currencies	Levels		
	4/17/20	12/31/19	4/17/19
\$ per €	1.09	1.12	1.13
\$ per £	1.25	1.32	1.30
¥ per \$	107.52	108.68	112.00

Commodities	Levels		
	4/17/20	12/31/19	4/17/19
Oil (WTI)	18.12	61.14	63.74
Gasoline	1.85	2.57	2.80
Natural Gas	1.76	2.09	2.55
Gold	1693	1515	1276
Silver	15.16	18.05	15.00
Copper	5176	6156	6509
Corn	3.03	3.77	3.32
BBG Idx	132.45	172.00	171.24

## CHART OF THE WEEK

Contribution to 1Q20 EPS growth by sector  
Year-over-year % change

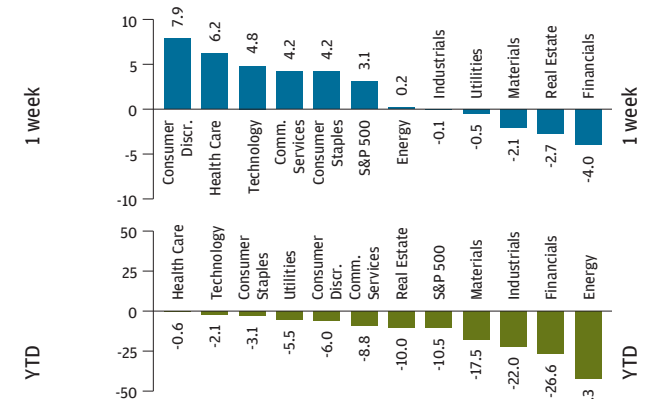


## STYLE RETURNS

	V	B	G
L	0.2	3.1	5.3
M	-1.6	1.0	4.4
S	-4.3	-1.4	1.0

	V	B	G
L	-19.5	-10.5	-3.3
M	-25.0	-18.9	-9.8
S	-32.8	-26.0	-19.5

## S&amp;P 500 SECTOR RETURNS



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*Chart of the Week:* Source: Compustat, FactSet, Standard & Poor's, J.P. Morgan Asset Management. \*1Q20 earnings are calculated using actual earnings for 12.1% of S&P 500 market cap and consensus earnings estimates for the remaining companies. Percentages may not sum due to rounding.

*Thought of the week:* Source: Compustat, FactSet, Standard & Poor's, J.P. Morgan Asset Management. \*1Q20 earnings are calculated using actual earnings for 12.1% of S&P 500 market cap and consensus earnings estimates for the remaining companies. Percentages may not sum due to rounding.

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).

**Past performance does not guarantee future results.**

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

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