



JPMORGAN ASSET MANAGEMENT

Weekly Market Recap

April 27, 2020

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MARKET INSIGHTS

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U.S. | April 27, 2020

The week in review

- Existing/new home sales at 5.270M/627K
- Initial jobless claims at 4.427M
- Flash mfg./srvs. PMI at 36.9/27.0
- Durable goods orders at -14.4% m/m

The week ahead

- FOMC meeting
- 1st est. 1Q20 real GDP
- PCE/core PCE
- Markit/ISM mfg./srvs. PMI
- Consumer confidence

Thought of the week

Last week, for the first time in history, the price of WTI oil closed in negative territory at -\$37/barrel. We highlight the factors that likely contributed to this in this week's *On the Minds of Investors'* post. While oil prices quickly rebounded into positive territory, they remain at very low levels and investors are now considering the potential for outright deflation in the U.S. It should be recognized that deflation at the headline level (incl. food and energy) would not be a new phenomenon. As shown in this week's chart, headline CPI turned negative during the Global Financial Crisis and again during the oil collapse in 2015; and with oil prices now down roughly 80% relative to a year ago, we may experience some deflation in the months ahead. Importantly, however, these periods of deflation are typically short lived as coordinated efforts amongst oil producers correct supply/demand imbalances fairly quickly, which we expect will be the case in the coming weeks. Still, the effects of social distancing are likely to keep oil prices below \$35/barrel in the near term and inflation at very low levels. For investors, this week's FOMC meeting will likely show that the committee views the recent volatility in oil markets as transitory. Instead, they are likely to focus on the steps taken to ensure businesses remain afloat amidst a collapse in revenues.

WEEKLY DATA CENTER

Equities	Level	Index Returns (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
S&P 500	2837	-1.30	9.88	-11.66	-1.13	26.83
Dow Jones 30	23775	-1.90	8.61	-16.08	-8.38	22.92
Russell 2000	3064	0.33	6.99	-25.76	-21.19	-8.06
Russell 1000 Growth	1120	-0.67	11.76	-4.00	8.28	52.20
Russell 1000 Value	651.58	-1.92	7.79	-21.02	-12.99	0.93
MSCI EAFE	1589	-2.01	1.97	-21.20	-14.40	-4.01
MSCI EM	879.41	-2.39	3.78	-20.68	-16.41	-1.55
NASDAQ	8635	-0.18	12.16	-3.49	7.72	49.02

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	1.40	0.24	1.78	4.99	11.01	16.34
U.S. Corporates	2.74	0.22	5.28	1.45	10.12	17.94
Municipals (10yr)	1.85	-1.08	-0.15	-0.54	3.84	11.68
High Yield	8.47	-2.10	3.63	-9.52	-4.79	5.27

Key Rates	Levels (%)					
	4/24/20	4/17/20	3/31/20	12/31/19	4/24/19	4/24/17
2-yr U.S. Treasuries	0.22	0.20	0.23	1.58	2.32	1.25
10-yr U.S. Treasuries	0.60	0.65	0.70	1.92	2.53	2.28
30-yr U.S. Treasuries	1.17	1.27	1.35	2.39	2.94	2.93
10-yr German Bund	-0.46	-0.48	-0.49	-0.19	0.02	0.33
3-mo. LIBOR	0.89	1.11	1.45	1.91	2.59	1.17
3-mo. EURIBOR	-0.19	-0.24	-0.36	-0.38	-0.31	-0.33
6-mo. CD rate	0.45	0.45	0.49	0.79	0.80	0.38
30-yr fixed mortgage	3.45	3.45	3.47	3.95	4.46	4.20
Prime Rate	3.25	3.25	3.25	4.75	5.50	4.00

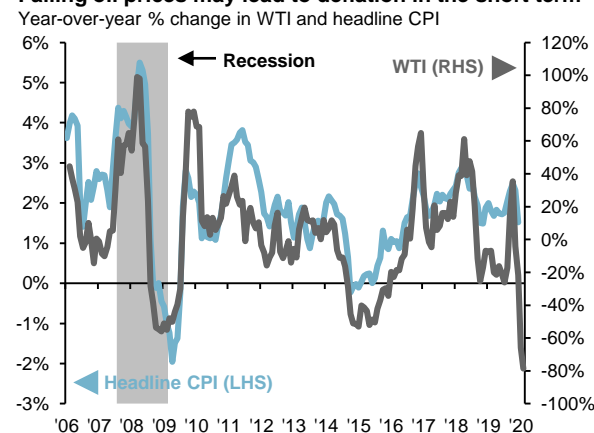
Index Characteristics			
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)
19.46	3.19	2.05	50.61
18.79	3.73	2.68	246.66
28.72	1.75	1.80	0.94
24.19	7.63	1.17	38.11
15.97	1.81	3.12	20.19
14.64	1.42	4.11	17.00
12.19	1.49	3.20	12.88
26.95	4.59	1.02	5.35

Currencies	Levels		
	4/24/20	12/31/19	4/24/19
\$ per €	1.08	1.12	1.12
\$ per £	1.23	1.32	1.30
¥ per \$	107.44	108.68	111.77

Commodities	Levels		
	4/24/20	12/31/19	4/24/19
Oil (WTI)	17.18	61.14	65.96
Gasoline	1.81	2.57	2.84
Natural Gas	1.71	2.09	2.53
Gold	1716	1515	1272
Silver	15.32	18.05	14.81
Copper	5118	6156	6438
Corn	2.97	3.77	3.22
BBG Idx	128.50	172.00	170.84

CHART OF THE WEEK

Falling oil prices may lead to deflation in the short term

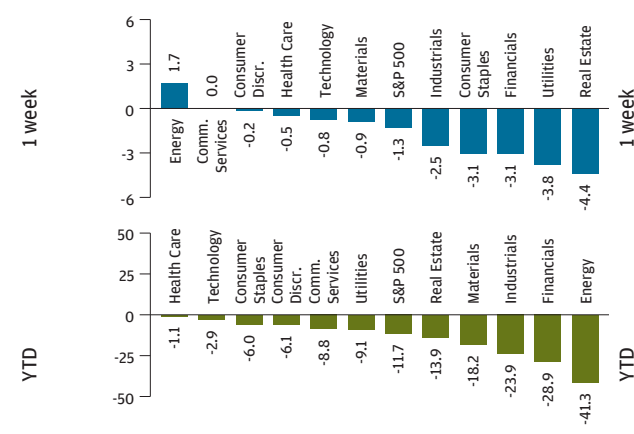


STYLE RETURNS

	V	B	G
L	-1.9	-1.3	-0.7
M	-1.8	-1.3	-0.6
S	-0.8	0.3	1.3

	V	B	G
L	-21.0	-11.7	-4.0
M	-26.3	-19.9	-10.3
S	-33.4	-25.8	-18.5

S&P 500 SECTOR RETURNS



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Chart of the Week: Source: CRB, DOL, FactSet, J.P. Morgan Asset Management. Year-over-year change in WTI is forward lagged by 1 month. Data are as of April 24, 2020.

Thought of the week: Source: CRB, DOL, FactSet, J.P. Morgan Asset Management. Year-over-year change in WTI is forward lagged by 1 month. Data are as of April 24, 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 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 April 27, 2020 or as of most recently available.

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