



**JPMORGAN ASSET MANAGEMENT**

# Weekly Market Recap

## May 4, 2020

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## MARKET INSIGHTS

## Weekly Market Recap

U.S. | May 4, 2020

## The week in review

- FOMC kept target rate at 0.00% - 0.25%
- Consumer conf. fell from 120.0 to 86.9
- Pending home sales at -10.8% m/m
- Jobless claims at 3,839k
- Headline/Core PCE at 1.3%/1.7% y/y
- Markit/ISM mfg. PMI at 36.1/41.5

## The week ahead

- Markit/ISM non-mfg. PMI
- Employment report

## Thought of the week

As anticipated, the first quarter saw a sharp contraction in real GDP, with output falling 4.8% at an annual rate, marking the end of the longest economic expansion in U.S. history. The largest contributor to the decline was a drop in consumption of -7.6%. Within goods, a decrease in durable goods was partially offset by higher consumer spending on at-home food and beverages. Household spending on services experienced a sharp decline and notably, health care spending fell as nonessential treatments were cancelled. Negative contributions from business fixed investment (-1.2%) and inventories (-0.5%) also contributed to the weakness.

Additionally, the halt in travel contributed to a decrease in exports, although this was offset by falling imports. Finally, housing and government spending provided modest boosts of 0.7% and 0.1%, respectively. While the report was quite gloomy, GDP data will get much worse before getting better. The decline in economic activity in the first quarter reflected stay-at-home orders that were issued by governments in mid-March. We are forecasting a much deeper contraction of roughly -25% annualized in the second quarter, due to lockdowns in April and many businesses likely remain shut for months to come. However, we expect a slow recovery to start in the second half of 2020 and a strong rebound next year when, hopefully, the pandemic will ease due to a better treatment or a vaccine.

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	2831	-0.19	9.67	-11.83	-1.22	25.82
Dow Jones 30	23724	-0.22	8.38	-16.26	-8.00	21.78
Russell 2000	3133	2.24	9.38	-24.10	-18.83	-6.64
Russell 1000 Growth	1119	-0.09	11.66	-4.09	8.55	50.08
Russell 1000 Value	651.87	0.08	7.87	-20.96	-12.99	1.13
MSCI EAFE	1636	3.11	5.14	-18.74	-12.26	-1.84
MSCI EM	916.77	4.27	8.21	-17.29	-12.54	1.76
NASDAQ	8605	-0.33	11.80	-3.80	8.06	45.89

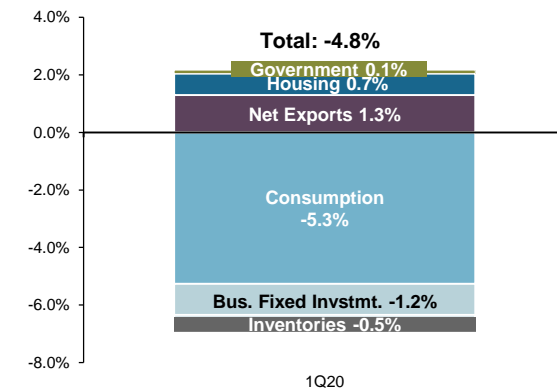
Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	1.35	-0.12	1.66	4.86	10.68	16.45
U.S. Corporates	2.75	-0.36	4.90	1.08	9.48	17.73
Municipals (10yr)	1.97	-0.58	-0.73	-1.12	2.85	11.34
High Yield	8.21	0.66	4.31	-8.92	-4.33	5.46

Key Rates	Levels (%)					
	5/1/20	4/24/20	3/31/20	12/31/19	5/1/19	5/1/17
2-yr U.S. Treasuries	0.20	0.22	0.23	1.58	2.31	1.28
10-yr U.S. Treasuries	0.64	0.60	0.70	1.92	2.52	2.33
30-yr U.S. Treasuries	1.27	1.17	1.35	2.39	2.92	3.00
10-yr German Bund	-0.59	-0.46	-0.49	-0.19	0.01	0.32
3-mo. LIBOR	0.54	0.89	1.45	1.91	2.58	1.17
3-mo. EURIBOR	-0.27	-0.19	-0.36	-0.38	-0.31	-0.33
6-mo. CD rate	0.44	0.45	0.49	0.79	0.86	0.38
30-yr fixed mortgage	3.43	3.43	3.47	3.95	4.42	4.23
Prime Rate	3.25	3.25	3.25	4.75	5.50	4.00

## CHART OF THE WEEK

## GDP growth will likely be weaker in the second quarter

Contribution to 1Q20 real GDP growth, %



1Q20

## STYLE RETURNS

	V	B	G
L	0.1	-0.2	-0.1
M	1.4	0.8	0.2
S	4.0	2.2	0.9

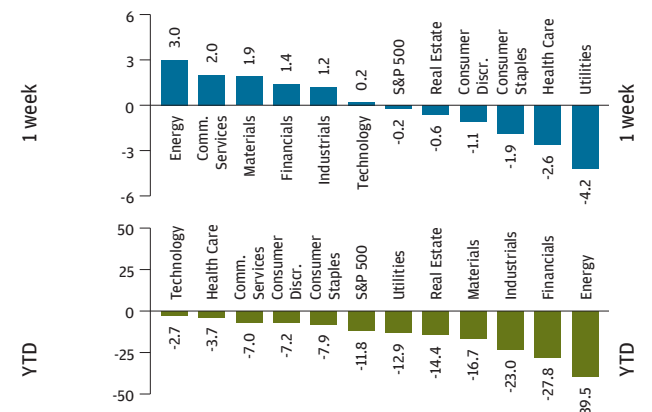
	V	B	G
L	-21.0	-11.8	-4.1
M	-25.3	-19.3	-10.1
S	-30.7	-24.1	-17.8

	Index Characteristics			
	NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)
	19.87	3.20	2.06	50.43
	19.37	3.73	2.68	245.51
	32.94	1.76	1.76	0.97
	24.69	7.65	1.17	38.00
	16.42	1.81	3.12	20.16
	15.24	1.43	2.99	17.48
	12.84	1.50	2.85	13.42
	27.66	4.59	1.02	5.34

Currencies	Levels		
	5/1/20	12/31/19	5/1/19
\$ per €	1.10	1.12	1.12
\$ per £	1.25	1.32	1.31
¥ per \$	106.91	108.68	111.18

Commodities	Levels		
	5/1/20	12/31/19	5/1/19
Oil (WTI)	19.69	61.14	63.55
Gasoline	1.77	2.57	2.89
Natural Gas	1.88	2.09	2.59
Gold	1686	1515	1284
Silver	14.85	18.05	14.88
Copper	5061	6156	6398
Corn	2.97	3.77	3.36
BBG Idx	129.50	172.00	168.80

## S&amp;P 500 SECTOR RETURNS



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*Chart of the Week:* Source: Bureau of Economic Analysis, J.P. Morgan Asset Management.

*Thought of the week:* Source: Bureau of Economic Analysis, 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; 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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Unless otherwise stated, all data is as of May 4, 2020 or as of most recently available.

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