



JPMORGAN ASSET MANAGEMENT

Weekly Market Recap August 24, 2020

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MARKET INSIGHTS

Weekly Market Recap

U.S. | August 24, 2020

The week in review

- Housing starts at 1.496M
- Existing home sales at 5.860M
- Initial jobless claims at 1.1M
- Flash Markit mfg./srvs. PMI at 53.6/54.8

The week ahead

- Consumer confidence
- New/pending home sales
- 2Q20 real GDP (2nd est.)
- Initial jobless claims
- Headline/core PCE

Thought of the week

Inflation has firmed recently, with core CPI rising 0.6% in July, the strongest m/m increase since 1991. The recent upswing in momentum and expectations for further fiscal stimulus have caused investors to consider higher inflation as a potential near-term risk. However, in our view, core inflation is unlikely to spike, at least in the near-term. Reflecting the offsetting impacts of the pandemic and fiscal stimulus, real consumer spending on goods rose 6% y/y in June, while services consumption fell by 12%. It should also be noted that core services accounts for roughly 75% of the core CPI index. Core services inflation was still just 2.3% y/y in July after averaging 2.9% over the past two years pre-pandemic and, while core goods inflation has rebounded more strongly, a meaningful reacceleration in demand for core services is needed for overall core inflation to move higher. Moreover, as the economy navigates through a bumpy reopening process, services demand may be slow to recover as consumers continue to curtail their spending on air travel, restaurants, hotels and other services. For investors, a slow rebound in the demand for services should allow inflation to drift higher only gradually in the coming months. That being said, services could come back strongly after the distribution of a vaccine, which may complicate the Fed's policy decisions in the second half of 2021.

WEEKLY DATA CENTER

Equities	Level	Index Returns (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
S&P 500	3397	0.77	9.85	6.47	18.44	48.40
Dow Jones 30	27930	0.09	8.56	-0.59	9.17	38.08
Russell 2000	3858	-1.59	7.87	-6.13	4.34	19.27
Russell 1000 Growth	1453	3.05	13.79	24.96	37.93	88.37
Russell 1000 Value	727.46	-1.44	6.26	-11.02	-0.70	13.40
MSCI EAFE	1880	-0.99	5.87	-5.85	5.30	7.75
MSCI EM	1092	-0.10	10.45	-0.23	14.06	11.53
NASDAQ	11312	2.69	12.59	26.85	42.44	87.84

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	1.15	0.27	0.95	7.14	7.24	16.78
U.S. Corporates	1.98	0.30	2.32	7.46	8.55	21.69
Municipals (10yr)	1.08	-0.32	1.55	4.06	3.84	13.87
High Yield	6.01	0.05	4.83	0.85	4.44	15.14

Key Rates	Levels (%)					
	8/21/20	8/14/20	6/30/20	12/31/19	8/21/19	8/21/17
2-yr U.S. Treasuries	0.16	0.14	0.16	1.58	1.56	1.32
10-yr U.S. Treasuries	0.64	0.71	0.66	1.92	1.59	2.18
30-yr U.S. Treasuries	1.35	1.45	1.41	2.39	2.07	2.77
10-yr German Bund	-0.50	-0.42	-0.48	-0.19	-0.68	0.38
3-mo. LIBOR	0.25	0.27	0.30	1.91	2.15	1.31
3-mo. EURIBOR	-0.49	-0.48	-0.42	-0.38	-0.42	-0.33
6-mo. CD rate	0.33	0.33	0.35	0.79	0.85	0.43
30-yr fixed mortgage	3.13	3.13	3.29	3.95	3.90	4.12
Prime Rate	3.25	3.25	3.25	4.75	5.25	4.25

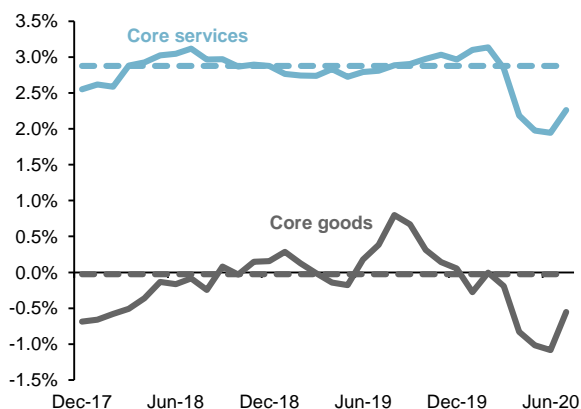
Index Characteristics			
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)
22.36	3.54	1.74	60.63
21.24	3.94	2.28	297.62
40.49	1.81	1.65	1.14
31.46	9.89	0.79	52.61
17.96	2.02	2.63	27.30
17.82	1.51	2.79	20.56
15.33	1.64	2.36	16.05
33.96	5.38	0.78	6.93

Currencies	Levels		
	8/21/20	12/31/19	8/21/19
\$ per €	1.18	1.12	1.11
\$ per £	1.31	1.32	1.21
¥ per \$	105.96	108.68	106.47

Commodities	Levels		
	8/21/20	12/31/19	8/21/19
Oil (WTI)	42.31	61.14	55.65
Gasoline	2.17	2.57	2.60
Natural Gas	2.45	2.09	2.31
Gold	1924	1515	1503
Silver	26.85	18.05	17.11
Copper	6565	6156	5697
Corn	3.12	3.77	3.44
BBG Idx	152.50	172.00	162.29

CHART OF THE WEEK

Stronger demand needed for services to lift inflation
Y/y % change, dashed lines are average y/y CPI inflation from Jan. 2018-Feb. 2020

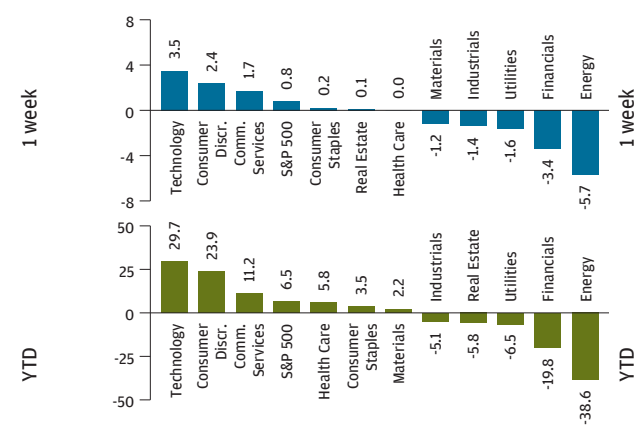


STYLE RETURNS

	V	B	G
L	-1.4	0.8	3.0
M	-2.0	-1.1	0.8
S	-3.6	-1.6	0.3

	V	B	G
L	-11.0	6.5	25.0
M	-12.3	-2.2	13.2
S	-18.4	-6.1	5.7

S&P 500 SECTOR RETURNS



Please see important disclosure on next page.

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Chart of the Week: Source: BLS, J.P. Morgan Economic Research. Data are as of August 20, 2020.

Thought of the week: Source: BLS, J.P. Morgan Economic Research. Data are as of August 20, 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 August 24, 2020 or as of most recently available.

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