

## MARKET INSIGHTS

## Weekly Market Recap

U.S. | January 18, 2021

## The week in review

- Job openings at 6.527mm
- Jobless claims at 965k
- Headline/Core CPI rose 0.4%/0.1% m/m
- Import prices rose 0.9% m/m
- Retail sales fell -0.7% m/m
- Industrial production rose 1.6% m/m
- Consumer sentiment fell to 79.2

## The week ahead

- Flash Markit mfg. and services PMIs
- Existing home sales

## Thought of the week

The 4Q20 earnings season kicked off last week, and while better times lie ahead in 2021, the outlook for the final quarter of 2020 remains bleak. With the early reporters in the door (4.6% of market cap), we currently expect 4Q20 S&P 500 earnings per share of \$37.31, which would represent a -4.8% contraction from a year ago. If this outcome is realized, it would mark the fourth consecutive quarter of negative growth, as companies that have been under pressure in 2020 continued to struggle into the end of last year. Specifically, energy companies are expected to see earnings per share decline by -112.7% y/y due to lower oil prices, and while consumer discretionary companies should see earnings improve as social distancing measures have been eased, they are still set to decline -21.0% from a year prior. The financial sector is expected to see earnings fall -28.9% y/y due to lower rates and rising loan loss provisions, while sectors such as health care and technology should continue to benefit from pandemic trends. Looking at 2020 as a whole, consensus estimates are calling for earnings to contract -16%, but 2021 earnings should bounce strongly. As the pandemic gradually fades into the background, we expect that this rebound in earnings will allow the more cyclical parts of the market to outperform, but still recognize the need for exposure to structural growth trends in the long run.

Please see important disclosure on next page.

## WEEKLY DATA CENTER

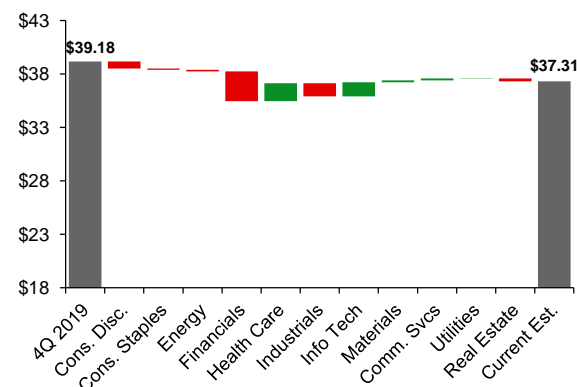
Equities	Level	Index Returns (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
S&P 500	3768	-1.46	0.39	0.39	16.66	43.30
Dow Jones 30	30814	-0.91	0.73	0.73	8.59	28.03
Russell 2000	5277	1.51	7.53	7.53	27.89	38.94
Russell 1000 Growth	1586	-2.36	-1.16	-1.16	32.32	75.17
Russell 1000 Value	855.93	-0.14	2.80	2.80	5.21	18.67
MSCI EAFE	2185	-1.36	1.76	1.76	9.66	12.95
MSCI EM	1358	0.34	5.18	5.18	22.25	22.01
NASDAQ	12999	-1.54	0.87	0.87	41.63	84.54

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	1.20	0.19	-0.76	-0.76	6.00	16.59
U.S. Corporates	1.90	0.38	-1.14	-1.14	7.77	21.82
Municipals (10yr)	0.91	0.10	-0.02	-0.02	4.46	15.90
High Yield	4.92	0.12	0.35	0.35	6.80	19.49

Key Rates	Levels (%)					
	1/15/21	1/8/21	12/31/20	12/31/20	1/15/20	1/12/18
2-yr U.S. Treasuries	0.13	0.14	0.13	0.13	1.56	1.99
10-yr U.S. Treasuries	1.11	1.13	0.93	0.93	1.79	2.55
30-yr U.S. Treasuries	1.85	1.87	1.65	1.65	2.23	2.85
10-yr German Bund	-0.55	-0.53	-0.58	-0.58	-0.21	0.57
3-mo. LIBOR	0.22	0.22	0.24	0.24	1.84	1.72
3-mo. EURIBOR	-0.55	-0.55	-0.55	-0.55	-0.39	-0.33
6-mo. CD rate	0.19	0.18	0.26	0.26	0.76	0.48
30-yr fixed mortgage	2.88	2.88	2.90	2.90	3.87	4.33
Prime Rate	3.25	3.25	3.25	3.25	4.75	4.50

## CHART OF THE WEEK

## EPS contribution by sector



## STYLE RETURNS

	V	B	G
L	-0.1	-1.5	-2.4
M	0.4	-0.1	-0.9
S	1.7	1.5	1.3

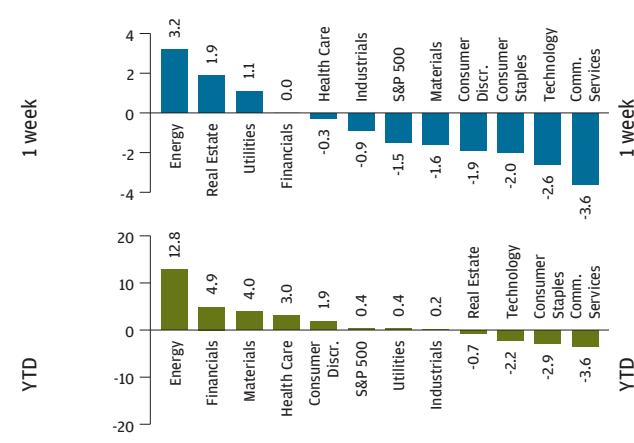
	V	B	G
L	2.8	0.4	-1.2
M	3.6	3.1	2.2
S	7.8	7.5	7.3

Index Characteristics	Levels		
	NTM P/E	P/B	Div. Yld.
	22.25	4.11	1.52
	20.61	4.70	2.03
	31.52	2.48	1.10
	30.69	11.72	0.74
	18.16	2.45	2.17
	17.71	1.75	2.37
	16.08	2.10	1.97
	33.36	6.42	0.70

Currencies	Levels		
	1/15/21	12/31/20	1/15/20
\$ per €	1.21	1.22	1.12
\$ per £	1.36	1.37	1.30
¥ per \$	103.88	103.25	110.00

Commodities	Levels		
	1/15/21	12/31/20	1/15/20
Oil (WTI)	52.36	48.35	57.86
Gasoline	2.32	2.20	2.57
Natural Gas	2.74	2.36	2.01
Gold	1839	1888	1549
Silver	25.25	26.49	17.85
Copper	7980	7742	6232
Corn	5.19	4.74	3.79
BBG Idx	171.77	166.63	170.29

## S&amp;P 500 SECTOR RETURNS



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*Chart of the Week:* Source: Standard & Poor's, J.P. Morgan Asset Management.

*Thought of the week:* Source: Standard & Poor's, 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).

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**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 January 18, 2021 or as of most recently available.

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