

MARKET INSIGHTS

Weekly Market Recap

U.S. | May 14, 2018

The week in review

- Job openings at 6.550M
- PPI/CPI up 2.6% y/y / 2.5% y/y
- Import prices up 3.3%
- Prelim. cons. sentiment at 98.8

The week ahead

- Retail sales
- Housing starts
- Industrial production
- NY & Philly Fed business outlook

Thought of the week

Oil prices have climbed in 2018 to over \$70 and \$75 per barrel for WTI and Brent, respectively, representing growth of 51.0% and 61.1% year-over-year. As shown in this week's chart, supply and demand dynamics tend to support changes in oil prices, and this has certainly been the case this year. On the supply side, global oil inventories have declined and have little risk of rising sharply, thanks to the production cut agreements among many major oil producing nations and suppressed Venezuelan oil production due to political unrest. In the short term, a withdrawal from the Iran Nuclear Accord may reduce supply somewhat, leading to upward pressure in oil prices. On the demand side, global growth has continued at a healthy, but slower, pace, which has led to an upward trend in oil demand. These recent dynamics have led to a reduction in global inventories and upward movement in prices. Over the long term, we expect that oil prices will remain relatively stable throughout 2018. For consumers, higher oil prices may erode some of the benefits of tax reform as they spend more at the pump, but should still allow for strong consumer spending and therefore healthy economic growth throughout the year. Investors also need to pay attention to oil prices, as higher oil prices will lead to increased profits in the energy sector, but also will lead to higher input costs in the industrials and materials sectors.

WEEKLY DATA CENTER

Equities	Level	Index Returns (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
S&P 500	2728	2.49	3.51	2.72	16.16	37.94
Dow Jones 30	24831	2.51	3.29	1.26	21.45	47.83
Russell 2000	3993	2.65	5.15	5.06	17.07	35.60
Russell 1000 Growth	944.08	2.58	4.58	6.06	22.84	48.08
Russell 1000 Value	743.88	2.33	2.29	-0.61	9.66	26.08
MSCI EAFE	2060	1.64	3.55	2.09	14.46	17.92
MSCI EM	1164	2.52	-0.35	1.11	19.41	21.81
NASDAQ	7403	2.73	4.92	7.63	22.33	53.49

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	3.33	-0.01	-0.83	-2.28	-0.01	4.15
U.S. Corporates	3.97	0.19	-1.05	-3.34	0.83	8.37
Municipals (10yr)	2.64	0.21	0.47	-1.15	1.57	8.11
High Yield	6.47	0.28	0.85	-0.02	3.30	15.79

Key Rates	Levels (%)					
	5/11/18	5/4/18	3/30/18	12/29/17	5/11/17	5/11/15
2-yr U.S. Treasuries	2.54	2.51	2.27	1.89	1.35	0.62
10-yr U.S. Treasuries	2.97	2.95	2.74	2.40	2.39	2.28
30-yr U.S. Treasuries	3.10	3.12	N/A	2.74	3.03	3.03
10-yr German Bund	0.56	0.54	0.49	0.43	0.43	0.61
3-mo. LIBOR	2.34	2.37	2.31	1.69	1.18	0.28
3-mo. EURIBOR	-0.33	-0.33	-0.33	-0.33	-0.33	-0.01
6-mo. CD rate	0.55	0.55	0.54	0.48	0.38	0.37
30-yr fixed mortgage	4.78	4.78	4.69	4.25	4.23	4.00
Prime Rate	4.75	4.75	4.75	4.50	4.00	3.25

	Index Characteristics			
	NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)
	16.48	3.25	1.93	49.79
	15.86	3.98	2.10	N/A
	22.88	2.14	1.51	1.35
	19.74	6.65	1.60	23.78
	14.18	2.03	2.65	34.22
	14.28	1.67	3.08	22.01
	12.07	1.73	2.33	15.61
	21.72	4.37	1.01	4.93

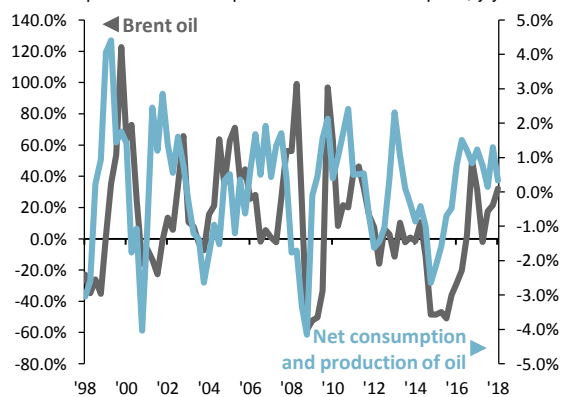
Currencies	Levels		
	5/11/18	12/29/17	5/11/17
\$ per €	1.19	1.20	1.09
\$ per £	1.36	1.35	1.29
¥ per \$	109.38	112.65	113.71

Commodities	Levels		
	5/11/18	12/29/17	5/11/17
Oil (WTI)	70.70	60.46	47.81
Gasoline	2.85	2.47	2.37
Natural Gas	2.75	3.69	3.23
Gold	1324	1291	1223
Silver	16.76	16.87	16.37
Copper	6869	7157	5581
Corn	3.67	3.19	3.44
BBG Idx	184.88	179.96	168.48

CHART OF THE WEEK

Supply and demand dynamics tend to support oil prices

Brent oil prices and net oil production and consumption, y/y

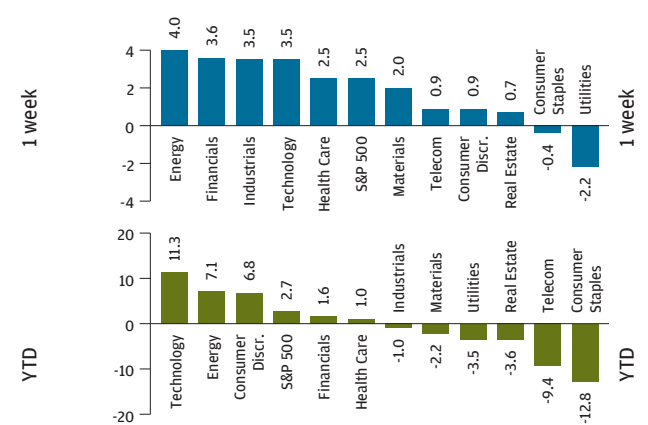


STYLE RETURNS

	V	B	G
L	2.3	2.5	2.6
M	1.6	2.1	2.7
S	2.3	2.7	3.0

	V	B	G
L	-0.6	2.7	6.1
M	-0.5	2.0	5.2
S	2.7	5.1	7.2

S&P 500 SECTOR RETURNS



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Chart of the Week: Source: Commodity Research Bureau, EIA, FactSet, J.P. Morgan Asset Management.

Thought of the week: Source: Commodity Research Bureau, EIA, FactSet, 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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Unless otherwise stated, all data is as of May 14, 2018 or as of most recently available.