



Weekly Market Recap

The week in review

- Headline CPI rose 0.0% m/m and 3.3% y/y
- PPI fell 0.2% m/m and rose 2.2% y/y
- Initial jobless claims rose to 242K, up from 229K

The week ahead

- Retail sales
- Building permits
- Markit PMIs

Thought of the week

An inverted yield curve occurs when yields on short-term Treasuries exceed those offered by long-term Treasuries. Historically, an inversion between the 2-year and 10-year Treasuries has been viewed as a warning sign of an economic downturn, although this time, for now, appears to be different. In fact, June marks the 23rd consecutive month of yield curve inversion without a recession, the longest streak on record.

While some investors may feel like the inverted yield curve is here to stay, it is important to remember that this is not normal. Traditionally, the yield curve slopes upwards, as investors allocating to longer duration, higher volatility bonds demand additional compensation for the increased risk. As shown in this week's chart, this was the norm in the years before and after the Great Financial Crisis, albeit at different levels of yields. This serves as a reminder that as policy and economic conditions normalize over time, the yield curve will eventually return to its usual upward sloping shape.

At last week's FOMC meeting, the Federal Reserve reduced the number of expected rate cuts in 2024 from three to just one. While it remained biased toward easing policy, the yield curve will likely stay inverted until it delivers meaningful cuts. Against this backdrop, investors may want to take a barbell approach to their fixed income portfolios. This means taking advantage of yields at the front end of the curve to access attractive income while also maintaining some duration exposure to protect against any unforeseen economic shock.

Please see important disclosures on next page.

Weekly Data Center

		Index Returns (%)				
Equities	Level	1 week	QTD	YTD	1 year	3-yr. Cum.
S&P 500	5432	1.62	3.69	14.63	26.12	33.76
Dow Jones 30	38589	-0.51	-2.65	3.32	15.89	19.25
Russell 2000	4986	-0.95	-5.31	-0.40	8.69	-10.03
Russell 1000 Growth	2417	3.48	7.87	20.18	35.29	41.48
Russell 1000 Value	1051	-1.11	-3.13	5.57	14.06	15.29
MSCI EAFE	2306	-2.62	-0.60	5.29	10.36	7.17
MSCI EM	1077	0.51	3.99	6.53	9.43	-14.66
NASDAQ	17689	3.27	8.18	18.25	30.82	27.78

Fixed Income	Yield	1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	4.87	1.31	0.87	0.09	3.70	-7.77
U.S. Corporates	5.34	1.22	0.86	0.46	6.48	-7.22
Municipals (10yr)	3.37	0.71	-0.79	-1.33	2.52	-2.55
High Yield	8.09	0.26	0.84	2.33	10.44	5.29

		Levels (%)				
Key Rates		6/14/24	6/7/24	3/29/24	12/29/23	6/14/23
2-yr U.S. Treasuries		4.67	4.87	4.59	4.23	4.74
10-yr U.S. Treasuries		4.20	4.43	4.20	3.88	3.83
30-yr U.S. Treasuries		4.34	4.55	4.34	4.03	3.90
10-yr German Bund		2.35	2.62	2.30	2.00	2.45
SOFR		5.31	5.33	5.34	5.38	5.05
3-mo. EURIBOR		3.72	3.76	3.89	3.91	3.52
6-mo. CD rate		2.33	2.33	2.33	2.23	2.01
30-yr fixed mortgage		7.02	7.02	6.91	6.76	6.77
Prime Rate		8.50	8.50	8.50	8.50	8.25

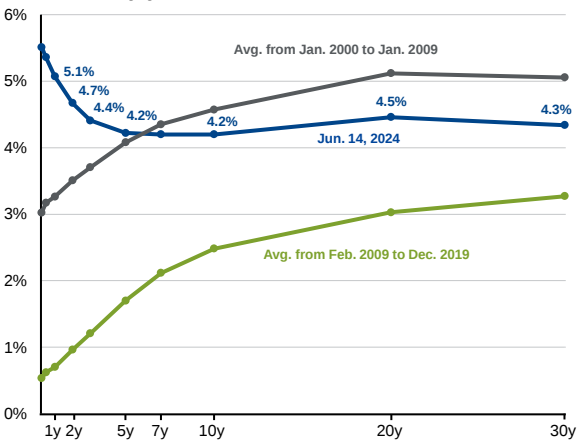
Index Characteristics			
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)
20.95	4.58	1.30	45589
17.67	4.78	1.83	14222
21.48	1.87	1.35	2479
28.44	11.91	0.63	28247
15.21	2.40	2.16	21047
13.89	1.82	2.83	16485
12.39	1.65	2.28	7482
28.31	6.26	0.67	28712

Levels			
Currencies	6/14/24	12/29/23	6/14/23
\$ per €	1.07	1.10	1.09
\$ per £	1.27	1.27	1.27
¥ per \$	157.38	140.98	139.45

Levels			
Commod.	6/14/24	12/29/23	6/14/23
Oil (WTI)	78.61	71.89	68.22
Gasoline	3.43	3.12	3.60
Natural Gas	2.96	2.58	2.05
Gold	2330	2078	1956
Silver	29.21	23.79	23.83
Copper	9650	8476	8457
Corn	4.48	4.59	6.36
BBG Idx	240.99	226.43	225.78

Chart of the Week

U.S. Treasury yield curve



Style Returns

	V	B	G
L	-1.1	1.6	3.5
M	-0.7	-0.2	0.8
S	-1.7	-1.0	-0.3

	V	B	G
L	5.6	14.6	20.2
M	3.8	4.1	5.0
S	-3.3	-0.4	2.7

S&P 500 Sector Returns

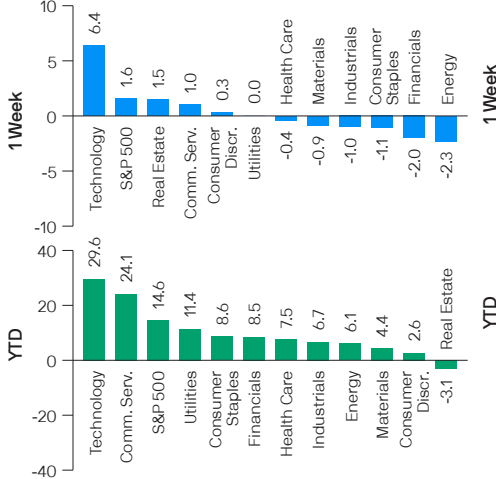




Chart of the Week: Source: FactSet, Federal Reserve, J.P. Morgan Asset Management.

Thought of the week: Source: FactSet, Federal Reserve, 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: Bloomberg US Aggregate; provided by: Bloomberg Capital. Index: Bloomberg Investment Grade Credit; provided by: Bloomberg Capital. Index: Bloomberg Municipal Bond 10 Yr; provided by: Bloomberg Capital. Index: Bloomberg Capital High Yield Index; provided by: Bloomberg 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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