

Weekly Market Recap

The week in review

- Core CPI rose 0.2% m/m
- Retail sales rose 0.1% m/m
- Housing starts increased 1.6% m/m

The week ahead

- PMIs
- New home sales

Thought of the week

Last week, investors received data offering a first read on whether tariffs are starting to push prices higher. At first glance, they don't seem to be, with headline CPI rising just 0.2% m/m—a surprisingly soft outcome given the inflationary nature of tariffs.

The softness, however, was largely driven by cooling services inflation, which accounts for most of the CPI basket. Goods, which are subject to tariffs, make up only a fifth. Core goods prices rose 0.2% m/m—again below expectations, but enough to turn the y/y reading positive for the first time since Dec. 2023. Digging deeper, some tariff-induced price pressures emerged, though unevenly. While some import-heavy categories like audio equipment (8.8%) and auto parts (2.2%) saw sharp m/m gains, others, such as autos and apparel, showed surprising weakness.

Two factors help explain this uneven pass-through. First, many businesses appear to have built up inventory ahead of tariffs. As shown in the chart, categories like home furnishings, chemicals, and autos saw inventory growth in March well above 12-month averages, providing a buffer that has delayed price hikes. Second, producers are absorbing some costs. The Producer Price Index fell 0.5% m/m in April—the largest drop in five years—suggesting that despite higher input costs from tariffs, producers are holding back on price hikes.

Looking ahead, inventories will eventually run down. If tariffs persist, even at reduced levels, goods inflation could rise into the summer. A sooner-than-expected fiscal boost also presents an upside risk. All of this should keep the Fed patient. Meanwhile, international stocks continue to hold appeal, extending their lead over U.S. equities, where valuations once again appear stretched.

Please see important disclosures on next page.

Weekly Data Center

Equities	Level	Index Returns (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
S&P 500	5958	5.33	6.36	1.81	13.99	55.69
Dow Jones 30	42655	3.50	1.77	0.89	8.88	40.58
Russell 2000	5252	4.51	5.19	-4.78	2.21	23.87
Russell 1000 Growth	2671	7.09	11.28	0.19	17.87	78.87
Russell 1000 Value	1160	3.27	1.60	3.77	9.26	32.08
MSCI EAFE	2550	0.97	7.21	14.72	10.45	44.32
MSCI EM	1172	3.09	6.96	10.17	9.96	27.94
NASDAQ	19211	7.21	11.15	-0.26	15.86	68.72

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	4.77	-0.19	-0.75	2.01	4.50	4.79
U.S. Corporates	5.29	0.19	-0.63	1.66	4.60	9.44
Municipals (10yr)	3.76	0.15	-0.13	0.13	0.93	9.39
High Yield	7.70	0.87	1.40	2.41	8.74	24.65

Key Rates	Levels (%)					
	5/16/25	5/9/25	3/31/25	12/31/24	5/16/24	5/16/22
2-yr U.S. Treasuries	3.98	3.88	3.89	4.25	4.78	2.58
10-yr U.S. Treasuries	4.43	4.37	4.23	4.58	4.38	2.88
30-yr U.S. Treasuries	4.89	4.83	4.59	4.78	4.52	3.09
10-yr German Bund	2.58	2.55	2.70	2.35	2.44	0.95
SOFR	4.31	4.28	4.41	4.49	5.31	0.80
3-mo. EURIBOR	2.10	2.12	2.34	2.71	3.83	-0.40
6-mo. CD rate	1.90	1.91	1.89	2.29	2.33	0.36
30-yr fixed mortgage	6.89	6.84	6.77	7.28	7.28	5.42
Prime Rate	7.50	7.50	7.50	7.50	8.50	4.00

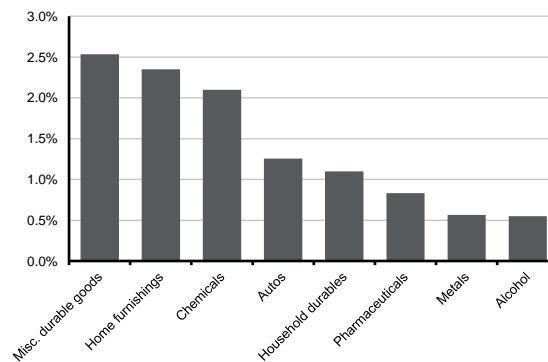
Index Characteristics			
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)
21.50	4.89	1.24	50505
19.66	5.34	1.80	18222
23.95	1.87	1.37	2482
27.77	11.88	0.57	29497
16.87	2.72	2.01	25207
14.63	1.89	2.73	18014
12.53	1.76	2.15	8360
26.90	6.45	0.66	31494

Currencies	Levels		
	5/16/25	12/31/24	5/16/24
\$ per €	1.12	1.04	1.09
\$ per £	1.33	1.25	1.27
¥ per \$	145.96	157.16	155.33

Commod.	Levels		
	5/16/25	12/31/24	5/16/24
Oil (WTI)	61.68	72.44	80.85
Gasoline	3.12	3.01	3.61
Natural Gas	3.36	3.40	2.32
Gold	3183	2609	2377
Silver	32.14	28.91	29.67
Copper	9538	8706	10308
Corn	4.41	4.53	4.43
BBG Idx	247.85	238.62	243.89

Chart of the Week

Inventory front-loading delays tariff-induced price pressures
Difference between April wholesale inventory growth and 12-month avg.



Style Returns

	V	B	G
L	3.3	5.3	7.1
M	3.9	4.7	7.0
S	3.7	4.5	5.3
	V	B	G
L	3.8	1.8	0.2
M	1.7	3.1	6.9
S	-5.4	-4.8	-4.2

S&P 500 Sector Returns

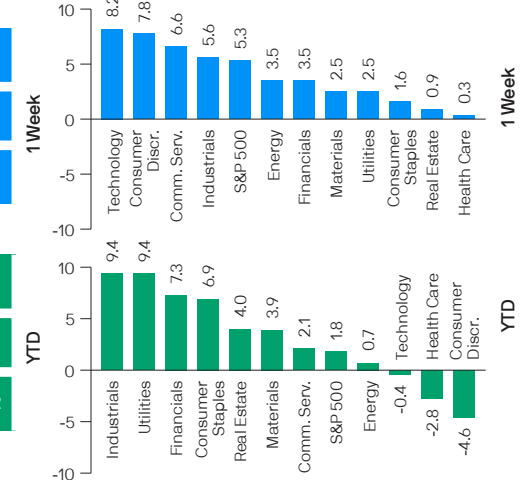




Chart of the Week: Source: Census Bureau, FactSet, J.P. Morgan Asset Management.

Thought of the week: Source: BLS, Census Bureau, 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: 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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