

Weekly Market Recap

The week in review

- Svcs. and Mfg. PMI improved to 52.3 in May

The week ahead

- GDP (second est.)

Thought of the week

On May 5, the U.S. Department of Education resumed collections for defaulted federal student loans. This news was accompanied by a dramatic spike in student loan delinquencies in 1Q25, up to 8.2% from 0.9% in 4Q24, as noted in a recent report from our Investment Bank colleagues. The resumption of collections is one of the last steps in the reinstatement of student loan payments following their pause from Mar. 2020 to Sep. 2023. After payments were resumed, delinquencies were still not reported to credit bureaus until mid-way through 4Q24, and collections did not begin until 1Q25. Among 42.7M student loan borrowers, 5M are now in default and 4M are seriously delinquent, threatening to push nearly 25% of the student loan portfolio into default. Newly reported delinquencies have already lowered credit scores for many borrowers, 57% of who already had sub-prime credit scores. However, the other 43%, 2.4M people, had credit scores that previously qualified them for loans but will now face higher borrowing costs, constraining consumer spending. The resumption of collections on defaulted loans on May 5, with wage garnishments potentially starting this summer, will add to this strain. Assuming a wide range of interest rates and payment plans, monthly collections on student loans will reduce disposable income by \$3.1B to \$8.5B a month. The resilient consumer, who softened the negative 1Q GDP print with a 1.2% increase in consumer spending, may become more vulnerable moving forward. There are still plenty of consumer positives: the reconciliation bill could provide new tax cuts, the unemployment rate remains low, wages have outpaced inflation rates for the past 25 months consecutively and gasoline prices remain low. Consequently, consumers can moderate spending growth without it turning negative. As market dynamics continue to develop, owning recession diversifiers, like bonds, and focusing on quality companies that have business models that can adapt to a more value-conscious consumer will be key to navigating the evolving economic landscape.

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	5803	-2.58	3.61	-0.82	11.64	52.89
Dow Jones 30	41603	-2.43	-0.70	-1.56	8.39	38.49
Russell 2000	5070	-3.45	1.56	-8.06	0.95	18.94
Russell 1000 Growth	2599	-2.71	8.27	-2.52	14.54	76.35
Russell 1000 Value	1130	-2.52	-0.96	1.15	8.29	28.91
MSCI EAFE	2580	1.34	8.65	16.26	12.60	41.74
MSCI EM	1171	-0.06	6.89	10.10	10.52	24.43
NASDAQ	18737	-2.45	8.42	-2.71	12.74	66.33

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	4.82	-0.45	-1.19	1.56	4.64	4.35
U.S. Corporates	5.35	-0.52	-1.14	1.14	4.61	8.98
Municipals (10yr)	3.83	-0.32	-0.45	-0.19	2.20	8.63
High Yield	7.88	-0.47	0.91	1.93	8.44	24.62

Key Rates	Levels (%)					
	5/23/25	5/16/25	3/31/25	12/31/24	5/23/24	5/23/22
2-yr U.S. Treasuries	4.00	3.98	3.89	4.25	4.91	2.65
10-yr U.S. Treasuries	4.51	4.43	4.23	4.58	4.47	2.86
30-yr U.S. Treasuries	5.04	4.89	4.59	4.78	4.58	3.08
10-yr German Bund	2.57	2.58	2.70	2.35	2.61	0.98
SOFR	4.26	4.30	4.41	4.49	5.31	0.78
3-mo. EURIBOR	2.04	2.10	2.34	2.71	3.80	-0.36
6-mo. CD rate	1.89	1.90	1.89	2.29	2.36	0.39
30-yr fixed mortgage	6.95	6.89	6.77	7.28	7.33	5.38
Prime Rate	7.50	7.50	7.50	7.50	8.50	4.00

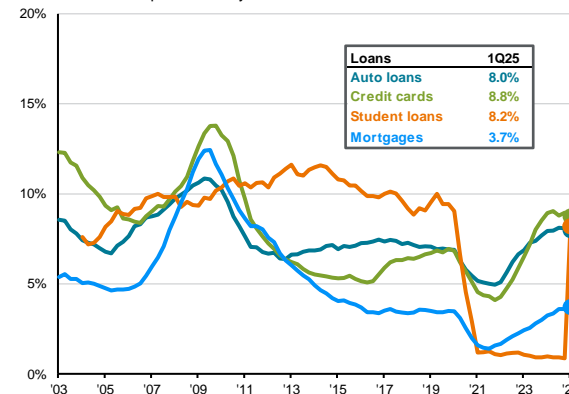
Index Characteristics			
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)
20.91	4.83	1.27	49242
19.15	5.28	1.85	17682
23.07	1.84	1.42	2396
26.95	11.73	0.58	28698
16.40	2.69	2.06	24555
14.58	1.88	2.70	18224
12.46	1.75	2.16	8351
26.17	6.38	0.68	30741

Currencies	Levels		
	5/23/25	12/31/24	5/23/24
\$ per €	1.13	1.04	1.08
\$ per £	1.35	1.25	1.27
¥ per \$	142.66	157.16	157.02

Commod.	Levels		
	5/23/25	12/31/24	5/23/24
Oil (WTI)	61.21	72.44	77.47
Gasoline	3.17	3.01	3.58
Natural Gas	3.26	3.40	2.64
Gold	3343	2609	2357
Silver	33.10	28.91	30.54
Copper	9493	8706	10291
Corn	4.55	4.53	4.53
BBG Idx	252.35	238.62	246.52

Chart of the Week

Flows into early delinquencies
% of balance delinquent 30+ days



Style Returns

	V	B	G
L	-2.5	-2.6	-2.7
M	-3.2	-3.3	-3.8
S	-3.8	-3.4	-3.1
	V	B	G
L	1.2	-0.8	-2.5
M	-1.5	-0.4	2.9
S	-9.0	-8.1	-7.2

S&P 500 Sector Returns

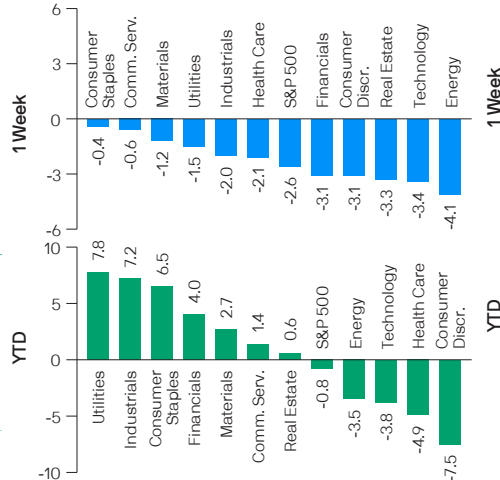




Chart of the Week: Source: BEA, FactSet, FRB, J.P. Morgan Asset Management. 1Q25 figures for debt service ratio are J.P. Morgan Asset Management estimates.

Thought of the week: Source: BLS, Census Bureau, FactSet, J.P. Morgan Research, 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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