

MARKET INSIGHTS

Weekly Market Recap November 14, 2011

Headlines

- Lucas Papademos named next PM of Greece.
- Italian government passed new austerity package, PM Berlusconi resigned.

Economic News

- The trade deficit fell to -\$43.1bn in September.
- Jobless claims fell to 390,000.
- Consumer credit grew more than expected.
- Next Week: Retail Sales, PPI, CPI, Business Inventories, Housing Starts.

Thought of the Week

Following the formation of the European Monetary Union (EMU), member nations enjoyed a prolonged period of relative prosperity and noticeably lower borrowing costs. Today, the honeymoon is over, and fears of sovereign default have caused rates to rise dramatically. In our view, any long-term solution for Europe will need to include: 1) Credible long-term plans for tax and spending reform to achieve budget balance long-term; 2) Fiscal transfers from "strong Europe" to "weak Europe" to allow for growth; 3) Guarantees by European governments that investors in sovereign debt will be paid in full and on-time; 4) Commitment by ECB to buy peripheral debt in whatever quantities necessary to keep yields manageable. Confidence needs to be restored, and soon.

Question of the week:

What is the Euro zone's expected real GDP growth rate in 2012?

Prior week's question:

According to the October employment report, how much did household employment increase in October?

Answer to prior week's question:

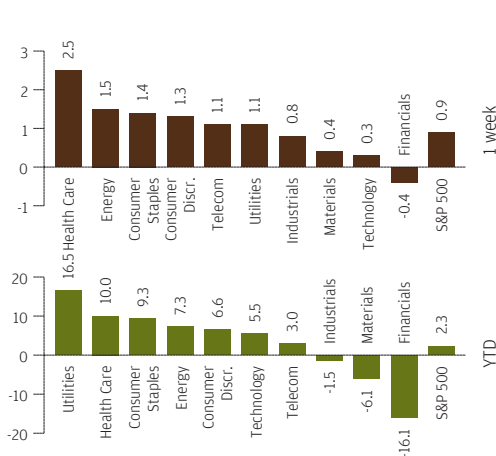
Household employment increased 277,000 in October 2011.

Index Levels	Friday Close 11/11/11	Prior Week 11/4/11	Year End 12/31/10	Year Ago 11/11/10
Dow Jones 30	12,154	11,983	11,578	11,283
S&P 500	1,264	1,253	1,258	1,214
Nasdaq	2,679	2,686	2,653	2,556
Russell 2000	745	746	784	732

Bond Rates	Friday Close 11/11/11	Prior Week 11/4/11	Year End 12/31/10	Year Ago 11/11/10
Fed Funds Target	0.25	0.25	0.25	0.25
2 Year Treasury	0.23	0.23	0.60	0.43
10 Year Treasury	2.06	2.05	3.30	2.66
10 Year Municipal	2.87	2.92	3.75	3.11
High Yield	8.50	8.27	7.51	7.12

Market Returns	1 week		YTD	
	Local	USD	Local	USD
S&P 500	0.94	0.94	2.28	2.28
MSCI - EAFE	-0.32	-0.22	-11.54	-8.93
United Kingdom	0.37	0.71	-2.61	0.01
Europe ex-UK	0.72	0.34	-12.68	-10.60
Japan	-3.12	-1.72	-18.43	-14.16
Asia ex-Japan	-1.75	-2.57	-10.36	-11.30

S&P 500 Sector Returns



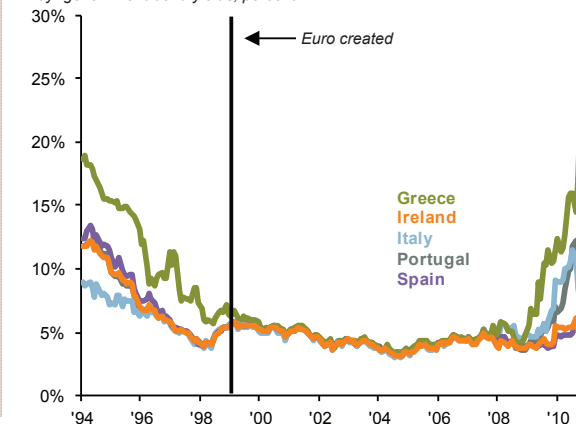
Style Returns

	V	B	G
L	1.0	0.9	0.4
M	0.2	-0.2	-0.6
S	0.2	-0.2	-0.6

	V	B	G
L	-0.3	2.3	4.0
M	-1.4	-0.3	0.9
S	-6.2	-3.9	-1.7

Chart of the Week

Peripheral Bond Yields Have Headed Toward pre-Euro Levels
10yr government bond yields, percent



Consumer Rates	Friday Close 11/11/11	Prior Week 11/4/11	Year End 12/31/10	Year Ago 11/11/10
6 Month CD	0.50	0.51	0.41	0.35
30 Year Mortgage	4.22	4.31	4.82	4.28
Prime Rate	3.25	3.25	3.25	3.25

Commodities

Gold	1773.00	1749.00	1405.50	1398.50
Crude Oil	98.99	94.07	89.84	87.81
Gasoline	3.42	3.45	3.05	2.87

Currency

\$ per €	1.37	1.38	1.34	1.37
\$ per £	1.61	1.60	1.57	1.62
¥ per \$	77.07	78.18	81.11	82.48

Index Characteristics	P/E Forward	P/E Trailing	Dividend Yield	Wtd Avg Mkt Cap (billions)
S&P 500	12.08	14.86	2.16	91.59
Russell 1000 Value	10.96	13.01	2.58	70.63
Russell 1000 Growth	13.84	16.20	1.58	92.00
Russell 2000	17.21	22.12	1.45	1.23

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

Thought of the Week: Source: J.P. Morgan Asset Management.

Question of the Week: Source: BLS, J.P. Morgan Asset Management.

Market Returns: All data represents total return including the reinvestment of dividends for stated period. Index: MSCI – EAFE; provided by: MSCI – gross official pricing. Index: UK; provided by: MSCI – gross official pricing. Index: Europe ex-UK; provided by: MSCI – gross official pricing. Index: Japan; provided by: MSCI – gross official pricing. Index: Asia ex-Japan; provided by: MSCI – gross official pricing. Index: S&P 500 Index; provided by: IDC.

(MSCI EAFE is a Morgan Stanley Capital International Index that is designed to measure the performance of the developed stock markets of Europe, Australia, and the Far East).

Dow Jones-UBS Commodity Index (DJ-UBSCI) is a broadly diversified index composed of futures contracts on physical commodities. The index is designed to minimize concentration in any one commodity or sector. It includes 19 commodity futures in five groups.

Bond Rates: Fed Funds Target, EcoWin; 2 Year Treasury, IDC; 10 Year Treasury, IDC; 10 Year Muni, Barclays Capital; High Yield, Barclays Capital High-yield Index.

Consumer Rates: 6 Month CD, Federal Reserve; 30 Year Mortgage, Mortgage Bankers Association (MBA); Prime Rate: Federal Reserve.

Commodities: Gold, EcoWin; Crude Oil (WTI), EcoWin; Gasoline, EcoWin.

Currency: Dollar per Pound, IDC; Dollar per Euro, IDC; Yen per Dollar, IDC.

Index Price Levels: Reflects closing price level for each index as of stated date. Dow Jones Industrial 30 (The Dow Jones is a price-weighted index composing of 30 widely-traded blue chip stocks.): IDC, S&P 500 Index (The S&P 500 Index is widely regarded as the best single gauge of the U.S. equities market, this world-renowned index includes a representative sample of 500 leading companies in leading industries of the U.S. economy. Although the S&P 500 focuses on the large-cap segment of the market, with approximately 75% coverage of U.S. equities, it is also an ideal proxy for the total market.): IDC, NASDAQ Composite Index (The NASDAQ Index is a market-value weighted index of all common stocks listed on the NASDAQ stock exchange.): IDC, Russell 2000 Index: IDC. Indexes are not available for direct investment.

S&P Index Characteristics: Trailing P/E price is provided by Factset Pricing database while trailing earnings is provided by Compustat. 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. Marketcap 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.

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. Marketcap 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 Classification model. 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: 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 Value Index (Measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values), 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).

Contact JPMorgan Distribution Services, Inc. at 1-800-480-4111 for a fund prospectus. You can also visit us at www.jpmorganfunds.com. Investors should carefully consider the investment objectives and risks as well as charges and expenses of the mutual fund before investing. The prospectus contains this and other information about the mutual fund. Read the prospectus carefully before investing.

Past performance does not guarantee future results.

Diversification does not guarantee investment returns and does not eliminate the risk of loss.

Opinions and estimates offered constitute our judgment and are subject to change without notice, as are statements of financial market trends, which are based on current market conditions. We believe the information provided here is reliable, but do not warrant its accuracy or completeness. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The views and strategies described may not be suitable for all investors. This material has been prepared for informational purposes only, and is not intended to provide, and should not be relied on for, accounting, legal or tax advice. References to future returns are not promises or even estimates of actual returns a client portfolio may achieve. Any forecasts contained herein are for illustrative purposes only and are not to be relied upon as advice or interpreted as a recommendation.

The price of equity securities may rise, or fall because of changes in the broad market or changes in a company's financial condition, sometimes rapidly or unpredictably. International investing involves a greater degree of risk and increased volatility. Investments in commodities may have greater volatility than investments in traditional securities, particularly if the instruments involve leverage.

J.P. Morgan Asset Management is the marketing name for the asset management businesses of JPMorgan Chase & Co. Those businesses include, but are not limited to, J.P. Morgan Investment Management Inc., Security Capital Research & Management Incorporated and J.P. Morgan Alternative Asset Management, Inc.

JPMorgan Distribution Services, Inc., member FINRA/SIPC

© JPMorgan Chase & Co., November 2011.

Unless otherwise stated, all data is as of November 11, 2011 or as of most recently available.