

MARKET INSIGHTS

Weekly Market Recap March 8, 2010

Headlines

- Donald Kohn announced plans to retire from the FRB.
- Australia raised its key rate from 3.75% to 4.0%.
- Prudential plc bought AIGs life insurance group.
- Strikes and protests continued in Greece this week.

Economic News

- Personal income rose 1.1% yoy in Jan.
- Consumer spending rose 3.5% yoy in Jan.
- ISM Mfg Index came in at 56.5 for Feb.
- Productivity grew 6.9% in 4Q.
- Unemployment stayed put at 9.7%.
- 3/11: International trade.
- 3/12: Retail sales and consumer sentiment.

Thought of the Week

The last few weeks of less than flattering economic data are a reminder that the economy has a long way to go in this recovery. A great deal of focus has been placed on the U.S. consumer, which amounts to roughly 70% of GDP over the last 50 years, and approximately 48% of the first year of past recoveries. But now more than ever, the U.S. consumer is shouldering less of a burden. This week's chart shows the emerging markets share of global consumption, which has actually eclipsed that of the U.S. consumer. Just maybe we'll get by with a little help from our fast-growing friends.

Question of the week:

The average monthly non-farm payroll decline over the last four months has been -26,750. What was the average for the prior four months (July through October)?

Prior week's question:

Only four Canadian cities, Halifax, Saint John, Winnipeg, and Regina, saw positive economic growth in 2009. What kind of growth does Vancouver expect to see after hosting the 2010 Winter Olympics?

Answer to prior week's question:

The Vancouver economy is projected to be the fastest growing Canadian city with 4.5% GDP growth in 2010.

Index Levels	Friday Close 3/5/10	Prior Week 2/26/10	Year End 12/31/09	Year Ago 3/5/09
Dow Jones 30	10,566	10,325	10,428	6,594
S&P 500	1,139	1,104	1,115	683
Nasdaq	2,326	2,238	2,269	1,300
Russell 2000	666	629	625	349

Bond Rates	Friday Close 3/5/10	Prior Week 2/26/10	Year End 12/31/09	Year Ago 3/5/09
Fed Funds Target	0.25	0.25	0.25	0.25
2 Year Treasury	0.90	0.80	1.14	0.89
10 Year Treasury	3.68	3.59	3.84	2.82
10 Year Municipal	3.38	3.42	3.69	4.16
High Yield	8.85	9.15	9.06	20.07

Market Returns	1 week		YTD	
	Local	USD	Local	USD
S&P 500	3.12	3.12	2.49	2.49
MSCI - EAFE	3.92	3.33	0.89	-1.88
United Kingdom	4.60	3.75	4.08	-2.67
Europe ex-UK	5.02	4.75	0.41	-4.16
Japan	1.87	-0.03	0.20	3.01
Asia ex-Japan	2.64	3.54	-2.49	-1.69

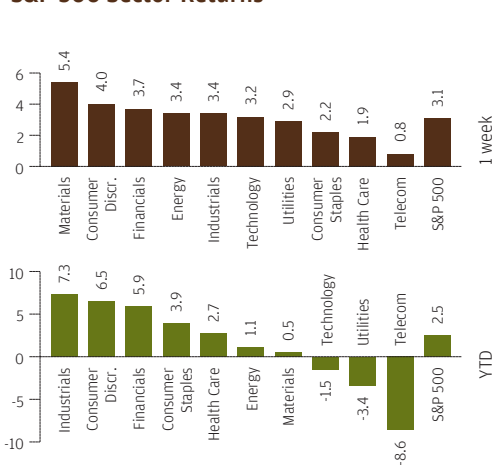
Consumer Rates	Friday Close 3/5/10	Prior Week 2/26/10	Year End 12/31/09	Year Ago 3/5/09
6 Month CD	0.30	0.30	0.28	1.88
30 Year Mortgage	4.95	5.03	5.08	5.14
Prime Rate	3.25	3.25	3.25	3.25

Commodities	Friday Close 3/5/10	Prior Week 2/26/10	Year End 12/31/09	Year Ago 3/5/09
Gold	1131.65	1116.10	1095.70	931.85
Crude Oil	81.47	79.72	79.39	43.54
Gasoline	2.70	2.66	2.60	1.91

Currency	Friday Close 3/5/10	Prior Week 2/26/10	Year End 12/31/09	Year Ago 3/5/09
\$ per €	1.36	1.36	1.43	1.25
\$ per £	1.51	1.52	1.61	1.41
¥ per \$	90.56	88.87	93.10	98.25

Index Characteristics	P/E Forward	P/E Trailing	Dividend Yield	Wtd Avg Mkt Cap (billions)
S&P 500	14.39	86.71	1.92	81.26
Russell 1000 Value	14.05	21.21	2.27	67.90
Russell 1000 Growth	15.26	19.13	1.60	75.68
Russell 2000	22.22	46.14	1.22	1.08

S&P 500 Sector Returns



Style Returns

	V	B	G
L	3.3	3.1	3.1
M	4.0	4.1	4.1
S	6.0	6.0	6.0

	V	B	G
L	3.5	2.5	2.0
M	6.3	5.6	4.9
S	7.6	6.7	5.7

Chart of the Week

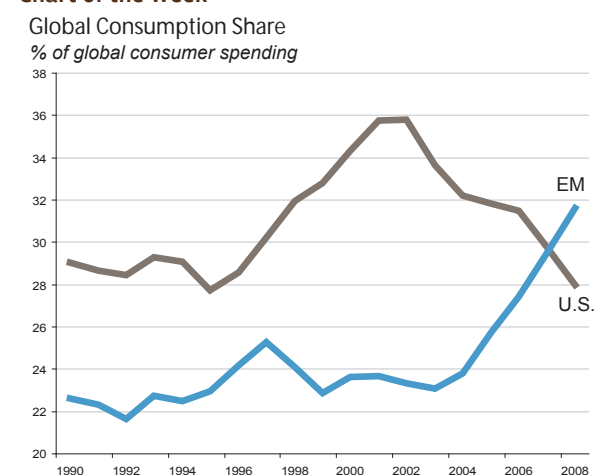


Chart of the Week: Source: FactSet, J.P. Morgan Securities, J.P. Morgan Asset Management.

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

Question of the Week: Source: Conference Board of Canada, 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).

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).

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Unless otherwise stated, all data is as of March 5, 2010 or as of most recently available.