

MARKET INSIGHTS

Weekly Market Recap July 26, 2010

Headlines

- The Financial Reform Bill was signed into law.
- China surpassed US as the largest energy consumer.
- Bernanke testified to the Senate Banking Committee.
- The EU released the results of their stress tests.

Economic News

- Housing starts came in lower than expected.
- Existing home sales fell but beat consensus forecasts.
- Jobless claims rose to 464,000.
- LEI continued to roll over.
- Next week: New Home Sales, Consumer Confidence, 2Q GDP.

Thought of the Week

Last Wednesday, President Obama signed the Dodd-Frank Wall Street Reform and Consumer Protection Act into law. While this may have helped to alleviate some of the uncertainty plaguing capital markets of late, this week's chart - from our friends at Strategas Research Partners - hints at why it may be some time before the full extent of the bill's impact on the markets and economy is entirely understood: its sheer size (the bill tips the scales at 2,319 pages). Despite its various complexities and the possible drag on GDP growth, it may very well reduce the potential for another financial meltdown like the financial crisis of 2008.

Question of the week:

Conventional 30-year fixed mortgage rates are currently just below 4.6%. When was the last time they were this low?

Prior week's question:

According to the July 2010 NFIB Small Business Report, what percent of small businesses plan on reducing employment over the next 3 months?

Answer to prior week's question:

Over the next three months, eight percent of small businesses plan to reduce employment.

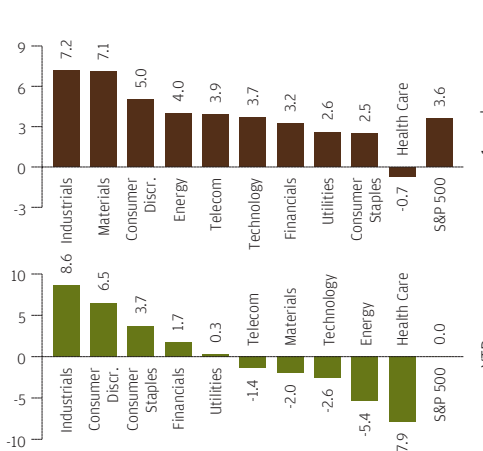
Index Levels	Friday Close 7/23/10	Prior Week 7/16/10	Year End 12/31/09	Year Ago 7/23/09
Dow Jones 30	10,425	10,098	10,428	9,069
S&P 500	1,103	1,065	1,115	976
Nasdaq	2,269	2,179	2,269	1,974
Russell 2000	651	610	625	546

Bond Rates

	0.25	0.25	0.25	0.25
Fed Funds Target	0.25	0.25	0.25	0.25
2 Year Treasury	0.58	0.60	1.14	1.05
10 Year Treasury	2.99	2.94	3.84	3.71
10 Year Municipal	3.13	3.19	3.69	3.93
High Yield	8.47	8.68	9.06	11.92

Market Returns	1 week		YTD	
	Local	USD	Local	USD
S&P 500	3.57	3.57	-0.04	-0.04
MSCI - EAFE	1.82	1.49	-2.89	-6.09
United Kingdom	3.01	3.40	-0.04	-4.66
Europe ex-UK	2.36	1.44	-0.82	-9.35
Japan	0.17	-0.84	-7.17	-0.99
Asia ex-Japan	1.70	2.39	-0.91	-1.25

S&P 500 Sector Returns



Style Returns

	V	B	G
L	3.3	3.6	4.1
M	4.8	4.8	4.9
S	6.5	6.6	6.7

	V	B	G
L	1.0	0.0	-0.5
M	6.5	5.4	4.1
S	4.9	4.7	4.5

Chart of the Week

Major Financial Legislation Number of pages

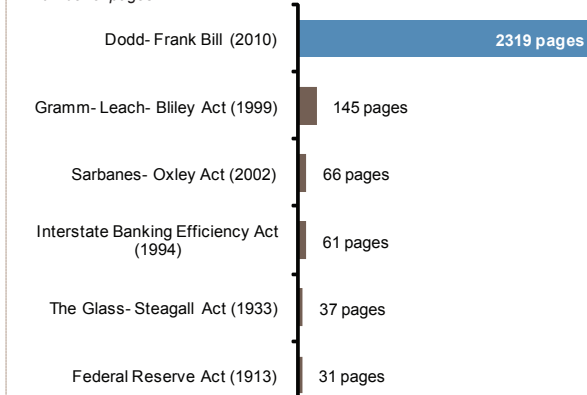


Chart of the Week: Source: Professor Strategas Research Partners, Mark J. Perry, J.P. Morgan Asset Management.

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

Question of the Week: Source: NFIB, 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 July 23, 2010 or as of most recently available.