

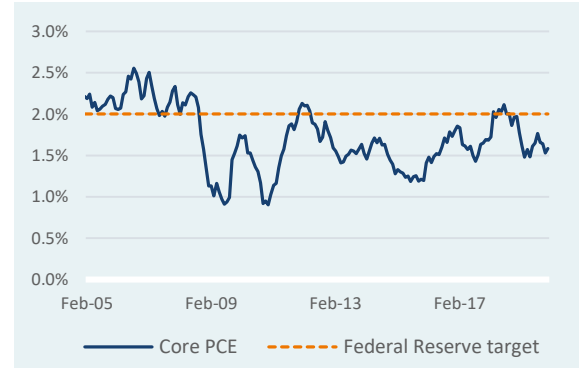
# Capital Markets Snapshot

February 10<sup>th</sup> to February 21<sup>st</sup>, 2020

## U.S. Economy

- The Fed's preferred inflation gauge, the Core Personal Consumption Expenditures (PCE) Price Index, rose only 1.6% YoY in December. Despite undershooting in 2019, Fed officials expect inflation to move closer to their 2.0% target in early 2020.
- IHS Markit's U.S. Services PMI fell from 53.4 to a six-year low of 49.4 in February, according to a flash reading. The print indicated a shift from expansion to contraction in the services economy.
- The Philadelphia Fed's Manufacturing Business Outlook Survey rose nearly 20 points to 36.7 (exp. 10.0). The new orders component of the index rose about 15 points and led the beat.

## CORE PCE INFLATION (YEAR-OVER-YEAR)

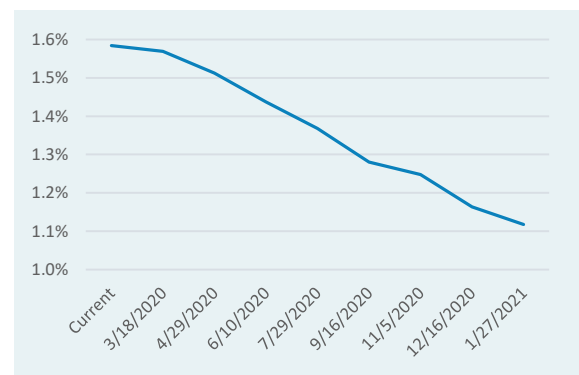


Source: BEA, Federal Reserve, Bloomberg, as of 12/31/19

## U.S. Markets

- U.S. equities extended year-to-date outperformance of global equities. The S&P 500 (+0.4%) and the Russell 2000 (+1.4%) outperformed the MSCI EAFE (-1.3%) and MSCI EM (-0.6%) indices.
- The January FOMC meeting minutes indicated that officials viewed the current stance of monetary policy as appropriate. Counter to the Fed's expectation for a stable fed funds range through 2020, markets have priced in nearly two full 25 bp rate cuts by year-end.
- Long-duration Treasuries continued to shine within the fixed income asset class and gained 2.3% over the period. Thirty-year Treasury yields fell from 2.05% to 1.91%, a new all-time low level.

## IMPLIED EFFECTIVE FED FUNDS RATE

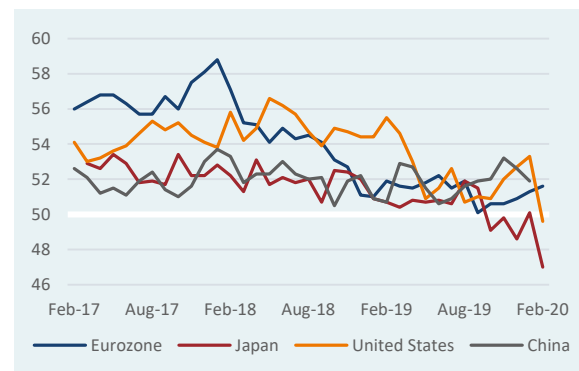


Source: Bloomberg, as of 2/21/20

## International Economy

- Preliminary February Markit PMI data painted a more sanguine outlook in the Eurozone than many had expected. The Eurozone Manufacturing and Services PMIs both improved, and the Eurozone Composite PMI rose from 51.3 to 51.6 (exp. 51.0).
- Japanese GDP shrunk -1.6% QoQ in Q4 2019, its largest decline since Q3 2014. The coronavirus, a sales tax hike from 8% to 10% in Q4 2019, and the impact of Typhoon Hagibis have weighed on growth, and many analysts are predicting a recession in Q1 2020.
- The People's Bank of China rolled out several forms of monetary accommodation, including cuts to key benchmark lending rates.

## COMP. PURCHASING MANAGERS' INDICES

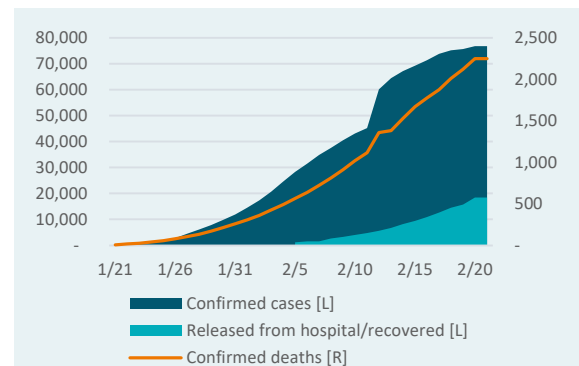


Source: Markit, Bloomberg, as of 2/21/20

## International Markets

- The coronavirus continued to spread, and by February 21<sup>st</sup>, officials had confirmed 76,799 cases and 2,250 deaths globally. Chinese officials revised their diagnostic protocols several times, leading many to question the veracity of the data being reported.
- The 40-day correlation between gold and the Bloomberg Dollar Spot Index reached positive territory for the first time since 2016, indicating a bid for haven assets and more defensive positioning.
- The MSCI Currency Factor Mix Index (+2.9%) has outperformed the embedded currency portfolio of the MSCI ACWI ex U.S. Index (-3.5%) by 6.4% over the trailing year.

## COVID-19: GLOBAL IMPACT



Source: Chinese National Health Commission, Bloomberg, as of 2/21/20

# Capital Markets Snapshot

## MARKET PERFORMANCE

### Equities

S&P 500 TR USD  
Russell 2000 TR USD  
MSCI ACWI NR USD  
MSCI EAFE NR USD  
MSCI EM NR USD

Last Two Weeks 2/10/2020 - 2/21/2020		MTD		QTD		YTD	
Return	Std Dev	Return	Std Dev	Return	Std Dev	Return	Std Dev
0.40	9.07	3.63	10.91	3.59	11.52	3.59	11.52
1.37	9.27	4.08	13.35	0.74	12.95	0.74	12.95
-0.08	7.72	2.61	9.85	1.48	9.64	1.48	9.64
-1.26	7.47	0.57	9.30	-1.53	8.98	-1.53	8.98
-0.62	13.10	2.11	16.04	-2.65	15.69	-2.65	15.69

### Fixed Income

Barclays US Treasury US TIPS TR USD  
Barclays US Treasury TR USD  
Barclays Long Term US Treasury TR USD  
Barclays US Agg Bond TR USD  
Barclays US Credit TR USD  
Barclays High Yield Corporate TR USD  
JPM EMBI Global Diversified TR USD

0.66	3.26	0.34	4.09	2.45	3.90	2.45	3.90
0.76	3.43	0.48	4.31	2.93	3.97	2.93	3.97
2.32	9.52	1.87	12.43	8.84	11.87	8.84	11.87
0.60	2.49	0.53	3.15	2.47	2.88	2.47	2.88
0.74	2.91	0.80	3.76	3.16	3.62	3.16	3.62
0.56	1.50	1.18	1.51	1.21	2.31	1.21	2.31
0.95	1.51	1.15	1.39	2.70	1.97	2.70	1.97

### Other

Bloomberg Commodity TR USD  
Wilshire US REIT TR USD  
MSCI Currency Factor Mix ER USD

2.06	9.41	1.98	9.77	-5.52	9.83	-5.52	9.83
3.85	14.16	5.45	11.99	6.25	12.63	6.25	12.63
0.59	1.78	0.37	1.94	1.24	1.76	1.24	1.76

Source: Morningstar, Data as of last available market close,  
Top/bottom two highlighted.

## ECONOMIC DATA - RELEASED

Date	Country	Event	Freq	Period	Surv(M)	Actual	Surprise
02/10/20	IT	Industrial Production WDA YoY	M	Dec	-0.4%	-4.3%	-5.7
02/10/20	EC	Sentix Investor Confidence	M	Feb	5.7	5.2	-0.4
02/11/20	UK	GDP YoY	Q	4Q P	0.8%	1.1%	3.3
02/11/20	UK	Industrial Production YoY	M	Dec	-0.8%	-1.8%	-1.3
02/11/20	US	NFIB Small Business Optimism	M	Jan	103.5	104.3	0.7
02/12/20	EC	Industrial Production WDA YoY	M	Dec	-2.5%	-4.1%	-1.8
02/12/20	FR	ILO Mainland Unemployment Rate	Q	4Q	8.2%	7.9%	-4.0
02/13/20	US	CPI Ex Food and Energy YoY	M	Jan	2.2%	2.3%	1.7
02/13/20	GE	GDP WDA YoY	Q	4Q P	0.3%	0.4%	0.9
02/14/20	US	Retail Sales Ex Auto and Gas	M	Jan	0.3%	0.4%	0.8
02/14/20	US	U. of Mich. Current Conditions	M	Feb P	114.0	113.8	-0.2
02/14/20	US	U. of Mich. Expectations	M	Feb P	90.0	92.6	2.3
02/16/20	JN	GDP Deflator YoY	Q	4Q P	1.1%	1.3%	0.6
02/19/20	US	Housing Starts	M	Jan	1428k	1567k	2.6
02/19/20	US	Building Permits	M	Jan	1450k	1551k	4.6

## ECONOMIC DATA - NEXT TWO WEEKS

Date	Country	Event	Freq	Period	Prior	Surv(M)	Std Dev
02/24/20	GE	IFO Business Climate	M	Feb	95.9	95.0	0.9
02/25/20	US	Conf. Board Consumer Confidence	M	Feb	131.6	132.5	1.0
02/27/20	EC	M3 Money Supply YoY	M	Jan	5.0%	5.2%	0.3
02/27/20	EC	Industrial Confidence	M	Feb	-7.3	-8.1	0.6
02/27/20	JN	Tokyo CPI Ex-Fresh Food, Energy YoY	M	Feb	0.9%	0.8%	0.1
02/27/20	JN	Industrial Production YoY	M	Jan P	-3.1%	-3.1%	1.1
02/27/20	UK	GfK Consumer Confidence	M	Feb	-9	-9	1.4
02/28/20	GE	Unemployment Claims Rate SA	M	Feb	5.0%	5.0%	0.0
02/28/20	GE	CPI YoY	M	Feb P	1.7%	1.6%	0.1
02/28/20	CA	GDP YoY	M	Dec	1.5%	1.6%	0.1
02/28/20	US	PCE Core Deflator YoY	M	Jan	1.6%	1.7%	0.0
03/02/20	US	ISM Manufacturing	M	Feb	50.9	49.5	0.0
03/04/20	US	ISM Non-Manufacturing Index	M	Feb	55.5	55.1	0.2
03/06/20	US	Change in Nonfarm Payrolls	M	Feb	225k	178k	7.4
03/06/20	US	Unemployment Rate	M	Feb	3.60%	3.60%	0.0

Source: Bloomberg



Past performance is no guarantee of future results. This document is provided for informational purposes only and is directed to institutional clients and eligible institutional counterparties only and is not intended for retail investors. The information provided is obtained from sources deemed reliable, but there is no representation or warranty as to its accuracy, completeness or reliability. Nothing herein constitutes investment, legal, accounting or tax advice, or a recommendation to buy, sell or hold a security or pursue a particular investment vehicle or any trading strategy. This document may include or imply estimates, outlooks, projections and other "forward-looking statements." No assurance can be given that future results described or implied by any forward looking information will be achieved. Investing entails risks, including possible loss of principal.