

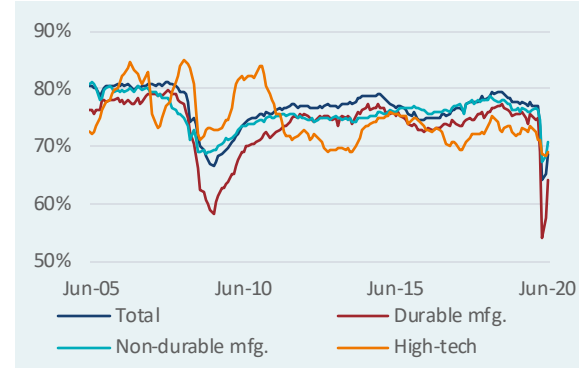
Capital Markets Snapshot

July 13th to July 24th, 2020

U.S. Economy

- Capacity utilization improved for a third straight month in June, but durable goods manufacturing capacity utilization remained -7.7% below last June's level, which analysts viewed as a signal for contraction in capital equipment spending through year-end.
- The NAHB Housing Market Index rose from 58 to 72 (exp. 61) in July as homebuilder sentiment jumped back to pre-COVID levels. Current sales, sales expectations, and buyer traffic all improved as the housing market remained a bright spot for the U.S. economy.
- The program providing \$600 in additional weekly unemployment benefits expired as policymakers negotiated the next package.

CAPACITY UTILIZATION



U.S. Markets

- U.S. equities advanced over the past two weeks, but momentum slowed toward the end of the period. Small-cap equities (Russell 2000 +3.2%) outperformed large-cap equities (S&P 500 +1.0%), and tech companies (NASDAQ Composite -2.4%) underperformed.
- High yield credit spreads compressed from 5.97% to 5.04% and the Bloomberg Barclays High Yield Corporate Index posted a total return of 2.7%, leading the credit space over the last two weeks.
- With about 25% of S&P 500 companies reporting, Q2 2020 earnings and revenue have contracted -16.5% and -8.8% respectively, though both have shrunk less than street estimates.

HIGH YIELD CREDIT SPREADS



International Economy

- After months of debate, the European Commission ironed out a €750 billion support package, financed by joint debt issuance. Of the €750 billion, €390 billion will be allocated in the form of grants, and the remaining €360 billion will be provided as loans.
- Chinese GDP grew at a pace of +3.2% YoY in Q2, up from -6.8% in Q1 and ahead of expectations (+2.4%). However, retail sales contracted -1.8% YoY (exp. +0.5% YoY). China's benchmark lending rates held steady as policy focus shifted to risk management.
- Excluding the volatile auto fuel component, U.K. retail sales bounced back in June, and grew 1.7% year-over-year (exp. -3.7%).

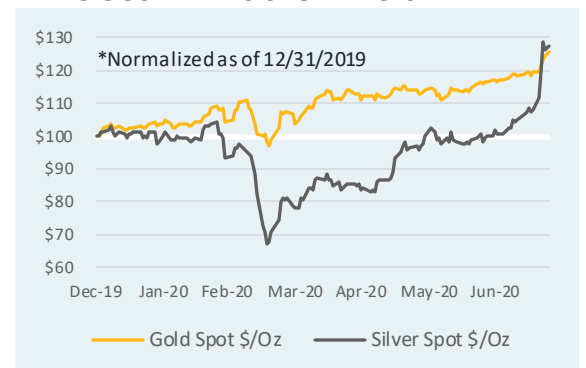
CHINESE RETAIL SALES (YoY %)



International Markets

- Tensions between the United States and China continued to escalate, as the U.S. sent a warship near the Spratly Islands, which the Chinese consider their own. The U.S. also shut down the Chinese consulate in Houston on allegations of espionage.
- International developed equities (MSCI EAFE +2.6%) outpaced large-cap U.S. equities (S&P 500 +1.0%) and emerging market equities (MSCI EM -0.7%) which trimmed month-to-date gains.
- Precious metals spot prices surged over the two-week period in dollar terms as U.S. dollar weakness persisted. Spot gold prices advanced from \$1799/oz to \$1902/oz, a fresh all-time high level.

*PRECIOUS METALS SPOT PRICES



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

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

Other

Bloomberg Commodity TR USD

Wilshire US REIT TR USD

MSCI Currency Factor Mix ER USD

Last Two Weeks 7/13/2020 - 7/24/2020		MTD		QTD		YTD	
Return	Std Dev	Return	Std Dev	Return	Std Dev	Return	Std Dev
1.00	13.57	3.82	13.75	3.82	13.75	0.62	43.51
3.18	24.27	1.86	23.30	1.86	23.30	-11.36	53.34
1.17	10.94	4.51	12.28	4.51	12.28	-2.03	34.94
2.62	14.65	4.55	14.50	4.55	14.50	-7.31	29.46
-0.67	19.71	7.05	23.62	7.05	23.62	-3.42	29.75
0.97	1.29	1.58	1.98	1.58	1.98	7.68	9.32
0.46	1.85	0.79	2.42	0.79	2.42	9.58	7.60
1.73	7.10	3.34	8.89	3.34	8.89	25.25	24.39
0.65	1.26	1.19	1.65	1.19	1.65	7.40	5.81
1.58	1.88	2.80	2.39	2.80	2.39	7.75	9.81
2.72	3.54	3.82	3.77	3.82	3.77	-0.13	13.70
2.01	4.22	2.97	4.38	2.97	4.38	0.12	15.58
2.28	9.77	4.90	8.80	4.90	8.80	-15.45	19.52
0.23	19.90	-0.65	20.78	-0.65	20.78	-18.30	53.89
-0.15	1.04	-0.20	1.17	-0.20	1.17	-0.74	3.63

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
07/13/20	UK	Industrial Production YoY	M	May	-20.4%	-20.0%	0.3
07/14/20	EC	Industrial Production WDA YoY	M	May	-18.9%	-20.9%	-0.7
07/14/20	EC	ZEW Survey Expectations	M	Jul	--	59.6	--
07/14/20	US	NFIB Small Business Optimism	M	Jun	97.8	100.6	2.2
07/14/20	US	CPI YoY	M	Jun	0.6%	0.6%	0.0
07/14/20	US	CPI Ex Food and Energy YoY	M	Jun	1.1%	1.2%	1.1
07/15/20	US	Empire Manufacturing	M	Jul	10.0	17.2	1.1
07/15/20	US	Capacity Utilization	M	Jun	67.8%	68.6%	0.8
07/16/20	EC	ECB Deposit Facility Rate	D	16-Jul	-0.50%	-0.50%	--
07/16/20	US	Retail Sales Advance MoM	M	Jun	5.0%	7.5%	1.6
07/16/20	US	Philadelphia Fed Business Outlook	M	Jul	20.0	24.1	0.9
07/16/20	US	NAHB Housing Market Index	M	Jul	61	72	3.8
07/17/20	US	U. of Mich. Sentiment	M	Jul P	79.0	73.2	-2.7
07/22/20	US	Existing Home Sales	M	Jun	4.75m	4.72m	-0.1
07/23/20	US	Continuing Claims	W	11-Jul	17100k	16197k	-3.2

ECONOMIC DATA - NEXT TWO WEEKS

Date	Country	Event	Freq	Period	Prior	Surv(M)	Std Dev
07/27/20	GE	IFO Business Climate	M	Jul	86.2	89.2	0.8
07/27/20	US	Durable Goods Orders	M	Jun P	15.7%	7.0%	4.4
07/27/20	US	Dallas Fed Manf. Activity	M	Jul	-6.1	-4.8	2.5
07/28/20	US	Conf. Board Consumer Confidence	M	Jul	98.1	94.5	2.5
07/29/20	US	Advance Goods Trade Balance	M	Jun	-\$74.3b	-\$74.2b	2.2
07/29/20	JN	Retail Sales YoY	M	Jun	-12.3%	-5.7%	2.3
07/29/20	GE	GDP WDA YoY	Q	2QP	-2.3%	-10.9%	1.7
07/30/20	EC	Economic Confidence	M	Jul	75.7	82.0	1.7
07/30/20	US	GDP Annualized QoQ	Q	2QA	-5.0%	-34.0%	3.6
07/31/20	EC	GDP SA YoY	Q	2QA	-3.1%	-13.9%	1.3
07/31/20	EC	CPI Core YoY	M	Jul P	0.8%	0.7%	0.1
07/31/20	US	PCE Core Deflator YoY	M	Jun	1.0%	1.0%	0.0
08/05/20	US	ISM Non-Manufacturing Index	M	Jul	57.1	54.5	0.5
08/07/20	US	Change in Nonfarm Payrolls	M	Jul	4800k	1900k	1730.9
08/07/20	US	Unemployment Rate	M	Jul	11.1%	9.9%	0.7

Source: Bloomberg



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