

Capital Markets Snapshot

May 18th to May 29th, 2020

U.S. Economy

- U.S. personal savings rates reached an all-time high level of 33.0% of discretionary income in April. The pace of the economic recovery will likely hinge on the extent to which higher savings are due to shutdowns, relative to changes in consumer behavior.
- Continuing jobless claims for the week ended May 15th declined from 24.9 million people to 21.1 million people on a seasonally adjusted basis, breaking a streak of ten consecutive weekly increases. The May unemployment rate is projected to be 19.6%.
- The Fed's preferred inflation gauge grew only 1.0% YoY in April, down from 1.7% in March, and well below the 2.0% target.

PERSONAL SAVINGS RATE



Source: Bureau of Economic Analysis, as of 4/30/20

U.S. Markets

- Small-cap equities (Russell 2000 Index +11.0%) significantly outperformed large cap equities (S&P 500 Index +6.4%) over the period but still trailed over the year-to-date. The MSCI USA Cyclical-Defensive Sectors Return Spread Index gained 3.3%.
- High-yield U.S. credit topped the fixed income section of the performance table and returned +4.4% over the period. As of May 26th, the Fed had purchased \$3B in corporate debt-tracking funds, the majority of which were investment-grade ETFs.
- The Wilshire REIT Index +11.7% posted strong returns across property types. Over the year-to-date, the index has lost -19.6%.

CYCLICAL MINUS DEFENSIVE SECTORS RETURN

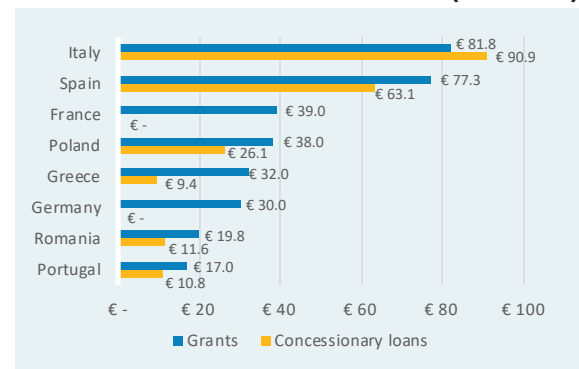


Source: MSCI, Bloomberg, as of 5/29/20

International Economy

- The European Commission unveiled a €750 billion stimulus plan which could feature €500 billion in grants for member states and €250 billion in loans for the bloc. For the proposal to pass, it will require approval from all 27 nations within the European Union.
- Japanese Prime Minister Shinzo Abe's cabinet approved a new ¥117 trillion (~\$1.1T) fiscal stimulus package, bringing Japan's total spending to combat COVID-19 to ¥234 trillion yen, or 40% of GDP.
- Deflation emerged on a year-over-year basis for several European countries in preliminary headline CPI readings. The Eurozone core CPI basket price, however, grew +0.9% year-over-year in May.

PROPOSED EU STIMULUS PACKAGE (BILLIONS)



Source: European Commission, as of 5/27/20

International Markets

- U.S.-Chinese saber-rattling materially escalated and culminated in the U.S. withdrawing from the WHO and electing not to certify Hong Kong as autonomous from China, revoking its special status.
- The onshore Chinese Yuan fell to 7.14 per U.S. dollar, its weakest level since last September, prior to the inking of the phase one trade deal. Analysts attributed the weakness to U.S.-Chinese tensions, and Beijing officials dropping annual growth targets.
- International developed equities (MSCI EAFE Index +8.3%) outperformed U.S. large-cap equities (S&P 500 Index +6.4%) and emerging market equities (MSCI EM Index +3.4%).

USD-CNY CROSS RATE



Source: Bloomberg, as of 5/29/20



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MARKET PERFORMANCE

Equities

	Last Two Weeks 5/18/2020 - 5/29/2020		May		QTD		YTD	
	Return	Std Dev	Return	Std Dev	Return	Std Dev	Return	Std Dev
S&P 500 TR USD	6.41	21.12	4.76	22.95	18.19	33.37	-4.97	49.07
Russell 2000 TR USD	10.96	43.92	6.51	41.43	21.14	50.74	-15.95	59.01
MSCI ACWI NR USD	6.59	19.07	4.35	19.72	15.53	27.49	-9.16	39.30
MSCI EAFE NR USD	8.27	27.91	4.35	25.79	11.10	26.78	-14.26	32.47
MSCI EM NR USD	3.35	22.40	0.77	20.93	10.00	22.61	-15.96	32.27

Fixed Income

Barclays US Treasury US TIPS TR USD	0.17	2.92	0.30	3.61	3.09	5.60	4.84	10.76
Barclays US Treasury TR USD	-0.29	5.16	-0.25	4.96	0.38	4.93	8.61	8.62
Barclays Long Term US Treasury TR USD	-1.49	17.80	-1.87	17.03	0.12	17.07	21.05	27.52
Barclays US Agg Bond TR USD	0.58	3.36	0.47	3.58	2.25	3.39	5.47	6.73
Barclays US Credit TR USD	2.15	3.85	1.63	5.45	6.28	6.44	2.94	11.39
Barclays High Yield Corporate TR USD	4.44	5.31	4.41	6.40	9.11	11.75	-4.73	15.41
JPM EMBI Global Diversified TR USD	3.47	8.53	6.07	7.57	8.45	9.06	-6.06	17.90

Other

Bloomberg Commodity TR USD	3.05	16.85	4.34	17.01	2.74	20.14	-21.20	21.80
Wilshire US REIT TR USD	11.71	39.83	-0.32	40.27	8.09	51.50	-19.61	59.86
MSCI Currency Factor Mix ER USD	-0.93	2.72	-1.56	2.47	-1.91	3.21	-0.76	4.09

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
05/19/20	GE	ZEW Survey Expectations	M	May	30.0	51.0	2.2
05/19/20	US	Housing Starts MoM	M	Apr	-26.0%	-30.2%	-0.6
05/19/20	UK	CPI Core YoY	M	Apr	1.4%	1.4%	0.0
05/21/20	UK	Markit/CIPS UK Services PMI	M	May P	24.0	27.8	0.3
05/21/20	US	Philadelphia Fed Business Outlook	M	May	-40.0	-43.1	-0.5
05/21/20	US	Initial Jobless Claims	W	16-May	2400k	2438k	0.2
05/21/20	US	Markit US Services PMI	M	May P	32.5	36.9	0.7
05/21/20	UK	Retail Sales Ex Auto Fuel YoY	M	Apr	-18.6%	-18.4%	0.0
05/21/20	FR	Markit France Services PMI	M	May P	28.0	29.4	0.1
05/21/20	GE	Markit Germany Services PMI	M	May P	26.0	31.4	0.6
05/21/20	EC	Markit Eurozone Services PMI	M	May P	25.0	28.7	0.3
05/26/20	US	Conf. Board Consumer Confidence	M	May	87.0	86.6	-0.1
05/29/20	US	Personal Income	M	Apr	-5.9%	10.5%	2.7
05/29/20	US	Personal Spending	M	Apr	-12.8%	-13.6%	-0.3
05/29/20	US	PCE Core Deflator YoY	M	Apr	1.1%	1.0%	-0.8

ECONOMIC DATA - NEXT TWO WEEKS

Date	Country	Event	Freq	Period	Prior	Surv(M)	Std Dev
06/01/20	IT	Markit Italy Manufacturing PMI	M	May	31.1	36.8	3.6
06/01/20	US	ISM Manufacturing	M	May	41.5	43.7	2.0
06/03/20	IT	Markit Italy Services PMI	M	May	10.8	26.1	5.6
06/03/20	GE	Unemployment Claims Rate SA	M	May	5.8%	6.2%	0.2
06/03/20	IT	Unemployment Rate	M	Apr P	8.4%	9.3%	0.8
06/03/20	EC	Unemployment Rate	M	Apr	7.4%	8.2%	0.5
06/03/20	US	ISM Non-Manufacturing Index	M	May	41.8	44.5	1.6
06/04/20	EC	Retail Sales YoY	M	Apr	-9.2%	-20.7%	3.6
06/04/20	US	Continuing Claims	W	23-May	21052k	19039k	1536.4
06/04/20	GE	Factory Orders WDA YoY	M	Apr	-16.0%	-29.9%	4.9
06/05/20	US	Change in Nonfarm Payrolls	M	May	-20537k	-8000k	2252.3
06/05/20	US	Unemployment Rate	M	May	14.7%	19.6%	0.0
06/05/20	US	Average Hourly Earnings MoM	M	May	4.7%	0.9%	0.9
06/10/20	US	CPI YoY	M	May	0.3%	0.2%	0.1
06/10/20	US	CPI Ex Food and Energy YoY	M	May	1.4%	1.3%	0.1

Source: Bloomberg



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