

# Capital Markets Snapshot

June 15<sup>th</sup> to June 26<sup>th</sup>, 2020

## U.S. Economy

- U.S. retail sales bounced back forcefully in May, bringing the year-over-year contraction from -19.6% to -6.0%. Online sales (+30.8%) and grocery store sales (+14.5%) have buoyed YoY headline sales growth as consumers have stayed at home.
- The NAHB Housing Market Index advanced from 37 to 58 in June (exp. 45). Builders reported increased demand for single-family homes in suburbs featuring lower density neighborhoods.
- According to rt.live, 33 U.S. states have COVID-19 reproductive rates above 1.0, indicating that the virus is still spreading, which could present headwinds for the economic reopening process.

## U.S. Markets

- Tech companies continued to top the charts within the U.S. equity market. The NASDAQ returned 1.9% over the prior two weeks and established a new index high-water-mark along the way. The Russell 2000 Index declined 0.6% and the S&P 500 Index fell 1.0%.
- The Federal Reserve remained supportive, and expanded the provisions of its corporate credit facility, allowing it to buy individual bonds alongside broad market exchange traded funds.
- After depreciating materially relative to trade-weighted currency pairs between mid-May and mid-June, the U.S. dollar stabilized. The Bloomberg Dollar Spot Index gained 0.6% over the period.

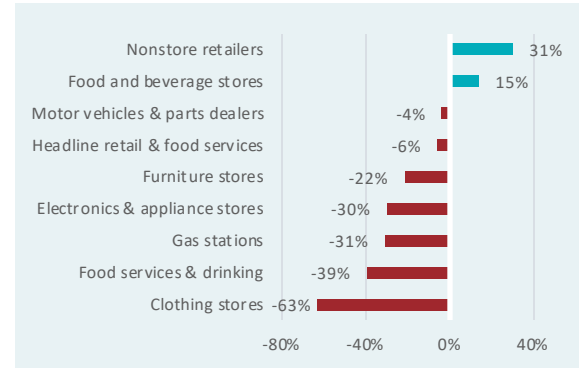
## International Economy

- Preliminary Markit PMI readings indicated that activity contracted at a slower pace in most developed markets, and even expanded in France in the month of June. Total output, however, remained at very depressed levels relative to this time last year.
- The WTO stated that of the scenarios they laid out in April, their optimistic scenario for global trade growth in 2020 and 2021 (-13%/+21%) was more likely to materialize than their pessimistic scenario (-32%/+24%), due in part to the size and pace of stimulus.
- Scandinavian retail sales rebounded in May and grew at a YoY rate of +5.3% in Denmark, +4.7% in Finland, and +2.4% in Sweden.

## International Markets

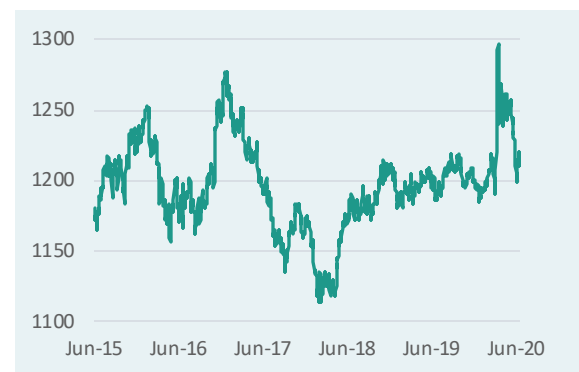
- Emerging market equities marched higher in a relatively flat month for global equities. The MSCI Emerging Markets Index gained 1.4%, outperforming international developed equities (MSCI EAFE Index +0.7%) and U.S. equities (S&P 500 Index -1.0%).
- Within the MSCI Emerging Markets Index, the Asian segment (+2.5%) markedly outperformed the Latin American segment (-5.2%). Currency impacts were noteworthy - the Brazilian real and the Mexican peso depreciated significantly relative to the dollar.
- Industrial metals (+1.8%), especially zinc (+3.1%), performed well as the global economic reopening continued to gather steam.

## U.S. RETAIL SALES GROWTH



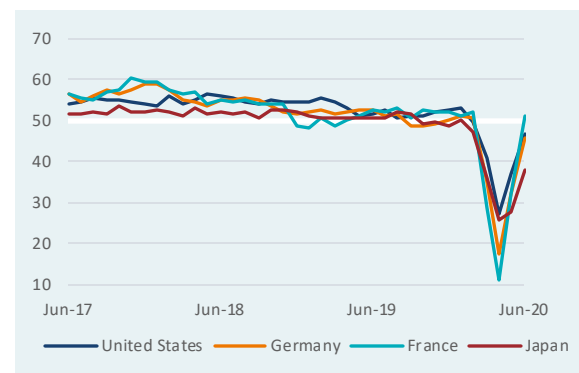
Source: U.S. Census Bureau, Bloomberg, as of 5/31/20

## BLOOMBERG DOLLAR SPOT INDEX



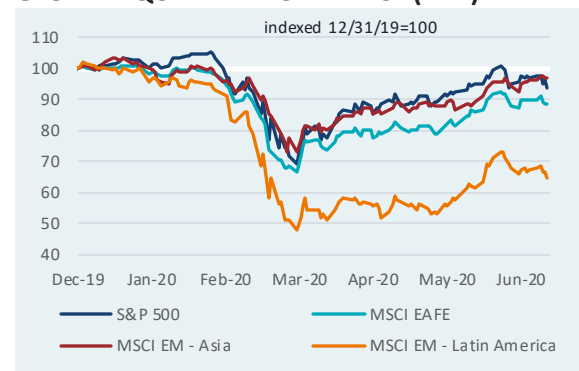
Source: Bloomberg, as of 6/26/20

## MARKIT COMPOSITE PMIs



Source: Markit, final data through 5/31/20, preliminary as of 6/30/20

## GLOBAL EQUITY PERFORMANCE (YTD)



Source: Standard & Poor's, MSCI, Bloomberg, as of 6/26/20



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## MARKET PERFORMANCE

### Equities

	Last Two Weeks 6/15/2020 - 6/26/2020		MTD		QTD		YTD	
	Return	Std Dev	Return	Std Dev	Return	Std Dev	Return	Std Dev
S&P 500 TR USD	-1.03	23.07	-1.03	29.92	16.97	32.22	-5.95	46.40
Russell 2000 TR USD	-0.61	31.77	-1.00	42.31	19.92	47.95	-16.79	56.49
MSCI ACWI NR USD	-0.09	19.40	1.37	24.44	17.11	26.42	-7.91	37.22
MSCI EAFE NR USD	0.72	23.12	3.30	23.57	14.76	25.59	-11.44	31.17
MSCI EM NR USD	1.38	19.59	7.69	19.96	18.45	21.63	-9.50	30.70

### Fixed Income

Barclays US Treasury US TIPS TR USD	1.03	2.65	1.27	4.27	4.40	5.16	6.17	9.98
Barclays US Treasury TR USD	0.47	3.15	0.23	4.77	0.61	4.84	8.86	8.11
Barclays Long Term US Treasury TR USD	1.56	12.28	0.84	16.42	0.96	16.72	22.07	26.00
Barclays US Agg Bond TR USD	0.41	1.18	0.63	2.20	2.90	3.04	6.14	6.21
Barclays US Credit TR USD	0.87	2.78	1.73	2.92	8.12	5.53	4.72	10.49
Barclays High Yield Corporate TR USD	-0.29	7.69	1.37	9.33	10.60	10.99	-3.43	14.58
JPM EMBI Global Diversified TR USD	1.06	6.48	3.49	6.90	12.23	8.36	-2.79	16.64

### Other

Bloomberg Commodity TR USD	-0.76	10.05	-0.48	9.76	2.24	17.36	-21.58	20.34
Wilshire US REIT TR USD	-5.17	27.78	-0.62	43.28	7.43	48.63	-20.10	57.35
MSCI Currency Factor Mix ER USD	-0.13	1.81	0.19	2.52	-1.72	3.01	-0.57	3.88

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
06/15/20	US	Empire Manufacturing	M	Jun	-29.6	-0.2	2.6
06/15/20	JN	BOJ 10-Yr Yield Target	D	16-Jun	0.00%	0.00%	--
06/16/20	GE	ZEW Survey Expectations	M	Jun	60.0	63.4	0.3
06/16/20	GE	ZEW Survey Current Situation	M	Jun	-82.0	-83.1	-0.2
06/16/20	US	Retail Sales Advance MoM	M	May	8.4%	17.7%	5.7
06/16/20	US	NAHB Housing Market Index	M	Jun	45	58	2.7
06/16/20	UK	CPI Core YoY	M	May	1.3%	1.2%	-0.9
06/17/20	US	Housing Starts	M	May	1100k	974k	-1.8
06/18/20	US	Philadelphia Fed Business Outlook	M	Jun	-21.4	27.5	5.0
06/18/20	US	Continuing Claims	W	6-Jun	19850k	20544k	0.8
06/18/20	JN	Natl CPI Ex Fresh Food, Energy YoY	M	May	0.4%	0.4%	0.0
06/23/20	EC	Markit Eurozone Services PMI	M	Jun P	41.5	47.3	1.1
06/23/20	US	Markit US Services PMI	M	Jun P	48.0	46.7	-0.4
06/26/20	US	Personal Income	M	May	-6.0%	-4.2%	0.5
06/26/20	US	Personal Spending	M	May	9.3%	8.2%	-0.4

## ECONOMIC DATA - NEXT TWO WEEKS

Date	Country	Event	Freq	Period	Prior	Surv(M)	Std Dev
06/29/20	EC	Economic Confidence	M	Jun	67.5	80.0	4.1
06/29/20	US	Dallas Fed Manf. Activity	M	Jun	-49.2	-21.4	15.9
06/29/20	JN	Industrial Production YoY	M	May P	-15.0%	-23.1%	2.3
06/30/20	EC	CPI Core YoY	M	Jun P	0.9%	0.8%	0.1
06/30/20	US	Conf. Board Consumer Confidence	M	Jun	86.6	90.5	3.3
06/30/20	GE	Retail Sales NSA YoY	M	May	-6.5%	-3.2%	2.2
07/01/20	US	MBA Mortgage Applications	W	26-Jun	-8.7%	--	--
07/01/20	US	ISM New Orders	M	Jun	31.8	51.9	2.2
07/02/20	IT	Unemployment Rate	M	May P	6.3%	7.9%	0.6
07/02/20	EC	Unemployment Rate	M	May	7.3%	7.7%	0.3
07/02/20	US	Change in Nonfarm Payrolls	M	Jun	2509k	3000k	1577.0
07/02/20	US	Unemployment Rate	M	Jun	13.3%	12.4%	0.0
07/02/20	US	Continuing Claims	W	20-Jun	19522k	18904k	280.1
07/03/20	IT	Markit Italy Composite PMI	M	Jun	33.9	46.9	2.7
07/06/20	US	ISM Non-Manufacturing Index	M	Jun	45.4	49.1	2.4

Source: Bloomberg



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