

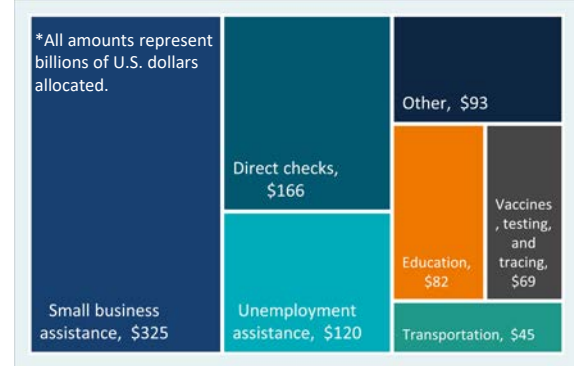
# Capital Markets Snapshot

December 14<sup>th</sup> to December 25<sup>th</sup>, 2020

## U.S. Economy

- President Trump signed into law a bill which will provide \$900B for Covid relief, and \$1.4T in government funding. Included in the relief package will be \$600 checks for most individuals, and \$300 in additional weekly unemployment benefits through mid-March.
- The Conference Board's Consumer Confidence gauge dipped from 96.1 to 88.6 in December (exp. 97.0). Consumers' assessments of current business and labor market conditions decreased sharply, but their assessments of the short-term outlook improved slightly.
- U.S. disposable personal incomes shrunk for the second straight month in November but have still grown 4.3% year-over-year.

## KEY COMPONENTS OF LATEST STIMULUS BILL

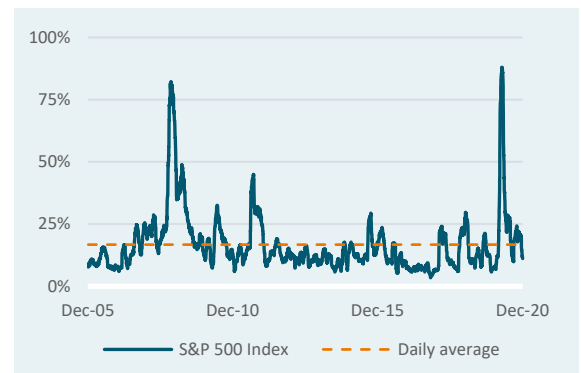


Source: U.S. House of Representatives, as of 12/21/20

## U.S. Markets

- U.S. equities grinded higher, perhaps supported by a developing expectation that a stimulus bill would soon be passed. The S&P 500 Index gained 1.1% over the period and closed at 3703 on the price index, just 0.5% below its previous record high level of 3722.
- Small-cap companies (Russell 2000 +4.9%) extended their outperformance of large-cap stocks (S&P 500 +1.1%). Over the quarter-to-date, small-caps (+33.3%) have materially outpaced large-caps (+10.5%), due in part to optimism around reopening.
- The 30-day realized volatility of the S&P 500 Index fell below historical averages (16.7%) and ended the period at 11.1%.

## REALIZED 30-DAY VOLATILITY

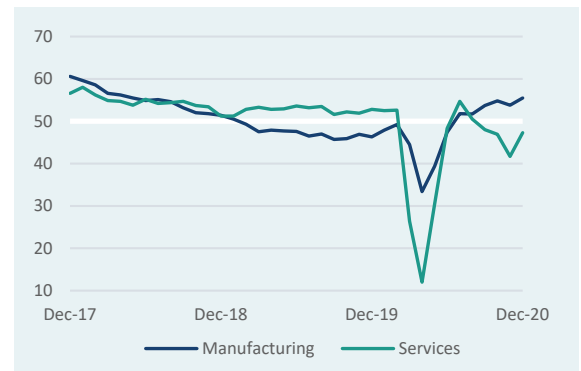


Source: Standard & Poor's, Bloomberg, as of 12/24/20

## International Economy

- The U.K. Health Secretary, Matt Hancock, reported that a new strain of the virus, VUI-202012/01 had emerged and was "out of control" in Southern England. News of the infectious new strain led to many countries deciding to shut their borders to Britain.
- The United Kingdom and the European Union reached an agreement which will allow the former to leave the E.U.'s single market and customs union at 11PM local time on December 31<sup>st</sup>.
- Preliminary PMI data from Markit indicated that the expansion in Eurozone manufacturing sector activity accelerated in December, while the pace of services sector contraction in the region slowed.

## EUROZONE PURCHASING MANAGERS INDICES



Source: Markit, Bloomberg, preliminary data as of 12/31/20

## International Markets

- Global equity indices advanced over the trailing two weeks (MSCI ACWI +1.3%), and international developed equities (MSCI EAFE +1.4%) outperformed U.S. (S&P 500 +1.1%) and emerging market (MSCI EM -0.1%) equities in U.S. dollar terms as the dollar slipped.
- The British Pound appreciated 2.5% relative to the U.S. dollar and the 10-year U.K. government bond yield rose from 0.17% to 0.26% as markets priced in the newly-hatched E.U.-U.K. trade deal.
- Hard-currency denominated emerging market debt (J.P. Morgan EMBI GD +0.6%) topped the performance charts within global fixed income markets as spreads compressed to pandemic lows.

## HARD-CURRENCY EM DEBT SPREADS



Source: J.P. Morgan, Bloomberg, as of 12/24/20

# Capital Markets Snapshot

## MARKET PERFORMANCE

### Equities

	Last Two Weeks 12/14/2020 - 12/25/2020		MTD		QTD		YTD	
	Return	Std Dev	Return	Std Dev	Return	Std Dev	Return	Std Dev
S&P 500 TR USD	1.14	8.91	2.36	8.81	10.54	16.71	16.71	34.70
Russell 2000 TR USD	4.88	14.82	10.21	14.96	33.26	22.06	21.68	42.76
MSCI ACWI NR USD	1.25	8.52	3.18	7.82	13.08	13.93	14.63	27.88
MSCI EAFE NR USD	1.39	13.75	3.21	10.81	14.44	15.20	6.33	24.30
MSCI EM NR USD	-0.14	11.42	4.23	10.62	16.22	13.07	14.87	24.18

### Fixed Income

Barclays US Treasury US TIPS TR USD	0.43	0.97	0.82	2.60	1.30	2.73	10.64	7.30
Barclays US Treasury TR USD	-0.18	2.25	-0.38	3.57	-0.97	3.87	7.85	6.24
Barclays Long Term US Treasury TR USD	-0.70	8.07	-1.61	11.98	-3.43	12.99	17.18	20.18
Barclays US Agg Bond TR USD	0.06	1.51	-0.08	2.58	0.45	2.85	7.27	4.74
Barclays US Credit TR USD	0.23	2.15	0.03	3.65	2.35	4.08	8.89	7.86
Barclays High Yield Corporate TR USD	0.40	1.41	1.38	1.54	5.92	3.97	6.58	10.61
JPM EMBI Global Diversified TR USD	0.59	1.82	1.55	1.95	5.44	4.37	4.90	12.13

### Other

Bloomberg Commodity TR USD	2.89	8.68	3.59	8.80	8.74	10.49	-4.40	16.64
Wilshire US REIT TR USD	0.73	21.83	1.20	18.66	8.93	22.84	-9.31	43.26
MSCI Currency Factor Mix ER USD	-0.19	0.82	-0.32	1.12	-0.08	1.38	-1.25	2.96

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
12/14/20	EC	Industrial Production WDA YoY	M	Oct	-4.2%	-3.8%	0.4
12/16/20	EC	Markit Eurozone Manufacturing PMI	M	Dec P	53.0	55.5	3.8
12/16/20	EC	Markit Eurozone Services PMI	M	Dec P	42.0	47.3	2.5
12/16/20	US	Retail Sales Advance MoM	M	Nov	-0.3%	-1.1%	-2.8
12/16/20	US	Markit US Manufacturing PMI	M	Dec P	55.8	56.5	1.1
12/16/20	US	Markit US Services PMI	M	Dec P	55.9	55.3	-0.4
12/16/20	US	NAHB Housing Market Index	M	Dec	88	86	-1.2
12/17/20	UK	Bank of England Bank Rate	D	17-Dec	0.10%	0.10%	--
12/17/20	US	Initial Jobless Claims	W	12-Dec	818k	885k	1.6
12/18/20	GE	Ifo Expectations	M	Dec	92.5	92.8	0.2
12/22/20	US	Conf. Board Consumer Confidence	M	Dec	97.0	88.6	-3.8
12/23/20	US	Personal Income	M	Nov	-0.3%	-1.1%	-2.9
12/23/20	US	Personal Spending	M	Nov	-0.2%	-0.4%	-0.7
12/23/20	US	PCE Core Deflator YoY	M	Nov	1.4%	1.4%	0.0
12/23/20	US	Durable Goods Orders	M	Nov P	0.6%	0.9%	0.3

## ECONOMIC DATA - NEXT TWO WEEKS

Date	Country	Event	Freq	Period	Prior	Surv(M)	Std Dev
12/29/20	US	S&P CoreLogic CS 20-City YoY NSA	M	Oct	6.57%	6.95%	0.3
12/30/20	US	Advance Goods Trade Balance	M	Nov	-\$80.3b	-\$81.5b	1.3
12/30/20	US	Pending Home Sales NSA YoY	M	Nov	19.5%	21.0%	0.9
12/31/20	US	Initial Jobless Claims	W	26-Dec	803k	833k	42.6
12/31/20	US	Continuing Claims	W	19-Dec	5337k	5390k	63.4
01/04/21	UK	Consumer Credit YoY	M	Nov	-5.6%	--	--
01/04/21-							
01/08/21	GE	Retail Sales NSA YoY	M	Nov	8.2%	4.0%	1.1
01/05/21	EC	M3 Money Supply YoY	M	Nov	10.5%	10.6%	0.3
01/05/21	US	ISM Manufacturing	M	Dec	57.5	56.5	0.8
01/07/21	EC	Retail Sales YoY	M	Nov	4.3%	1.2%	3.8
01/07/21	US	ISM Services Index	M	Dec	55.9	54.5	0.8
01/08/21	EC	Unemployment Rate	M	Nov	8.4%	8.5%	0.0
01/08/21	US	Change in Nonfarm Payrolls	M	Dec	245k	93k	100.8
01/08/21	US	Unemployment Rate	M	Dec	6.7%	6.8%	0.1
01/08/21	US	Consumer Credit	M	Nov	\$7.228b	\$9.000b	1.9

Source: Bloomberg



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