

Capital Markets Snapshot

December 28th to January 8th, 2021

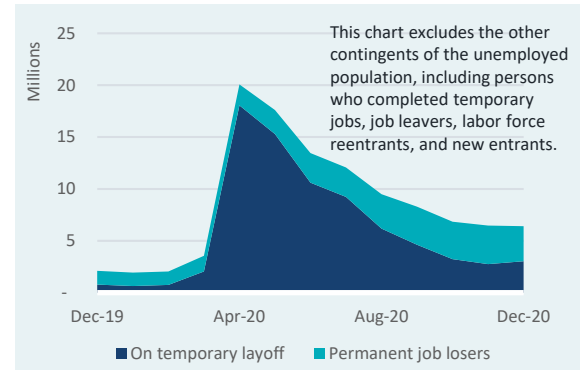
U.S. Economy

- Jon Ossoff and Raphael Warnock both won in the Georgia Senate runoff elections, ensuring democratic control of the Senate with VP-elect Kamala Harris as the swing vote. The wins completed the “Blue Wave” many have associated with extensive fiscal support.
- Nonfarm payrolls shrunk (-140K) for the first time since April, reflecting the recent increase in COVID-19 cases and efforts to control the pandemic. On a bright note, the number of permanent job losers fell by 348K, the largest monthly decline in a decade.
- The ISM Manufacturing and Services PMIs both beat expectations in December and indicated an acceleration in activity growth.

U.S. Markets

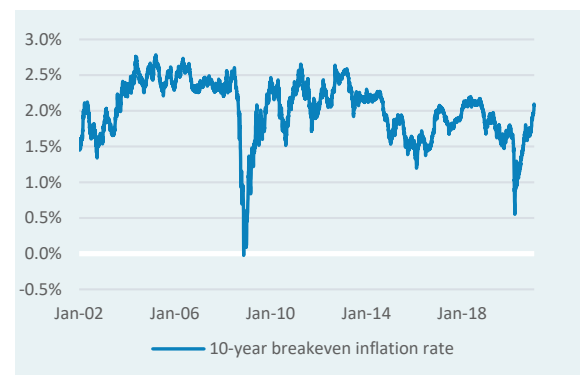
- Small-cap stocks rallied +31.4% in Q4, bringing their calendar year performance to +20.0%, just ahead of the large-cap benchmark (+18.4%). Small-cap strength has extended into the new year on stimulus hopes – the Russell 2000 gained +4.4% over the period.
- The ten-year Treasury yield broke through the pandemic ceiling of around 1.00% and rose from 0.92% to 1.12% over the last two weeks. Key yield curve segments continued to steepen, and the 10-2 yield spread rose to 0.98%, the highest level since July 2017.
- Stimulus hopes helped the ten-year breakeven inflation rate to rise from 1.97% to 2.07%, a level last seen in November 2018.

TEMPORARY AND PERMANENT JOB LOSSES



Source: Bureau of Labor Statistics, as of 12/31/20

REFLATION OF INFLATION EXPECTATIONS

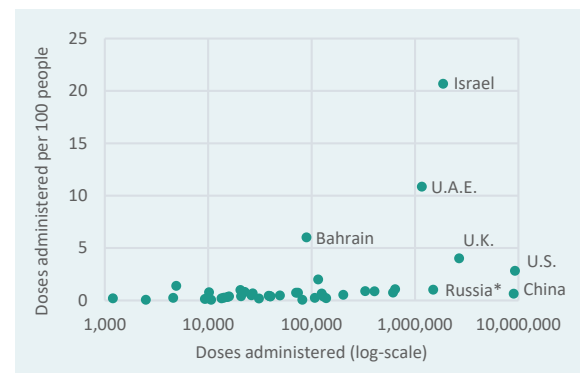


Source: Bloomberg, as of 1/8/21

International Economy

- Per Bloomberg, 29.0 million doses have now been administered across 43 countries as the vaccination campaign has picked up steam. The U.S. has administered 9.3 million doses, though that figure accounts for just 36% of doses which have been distributed.
- European retail sales contracted -2.9% year-over-year in November (exp. +0.9%), highlighting the impact of the second series of lockdowns across the continent. Sales of textiles, clothing, and footwear (-27.8%) have been hit hard.
- The Chinese Caixin Manufacturing PMI dipped from 54.9 to 53.0 (exp. 54.7), primarily due to weakening export demand.

GLOBAL VACCINE DISTRIBUTION EFFORT



Source: Bloomberg, as of 1/11/21, or most recent release

International Markets

- Emerging market equities (+8.0%) started the new year strong, outperforming both international developed (+4.6%) and large-cap U.S. equities (+3.4%) in USD-terms. The Bloomberg Dollar Spot Index faded -0.4%, supporting unhedged non-U.S. exposures.
- Chinese mainland equities (CSI 300) surged 11.0% over the period, driving the outperformance of the emerging markets. The onshore Chinese yuan extended its rally relative to the U.S. dollar, further enhancing unhedged U.S. investors' returns.
- Brent crude oil prices climbed to \$55.99/barrel as Saudi officials committed to voluntary output cuts in February and March.

USD/CNY CROSS RATE



Source: Bloomberg, as of 1/8/21



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MARKET PERFORMANCE

Equities

	Last Two Weeks 12/28/2020 - 1/8/2021		December 2020		Q4 2020		2020	
	Return	Std Dev	Return	Std Dev	Return	Std Dev	Return	Std Dev
S&P 500 TR USD	3.36	13.30	3.84	8.58	12.15	16.28	18.40	34.43
Russell 2000 TR USD	4.43	29.23	8.65	16.25	31.37	21.99	19.96	42.48
MSCI ACWI NR USD	4.16	7.61	4.64	7.21	14.68	13.51	16.25	27.67
MSCI EAFE NR USD	4.60	9.05	4.65	10.93	16.05	14.98	7.82	24.15
MSCI EM NR USD	7.97	14.12	7.35	11.45	19.70	13.17	18.31	24.08

Fixed Income

Barclays US Treasury US TIPS TR USD	-0.45	4.20	1.15	2.52	1.62	2.70	10.99	7.25
Barclays US Treasury TR USD	-1.04	3.47	-0.23	3.25	-0.83	3.76	8.00	6.19
Barclays Long Term US Treasury TR USD	-3.51	11.76	-1.18	10.92	-3.00	12.61	17.70	20.02
Barclays US Agg Bond TR USD	-0.73	2.86	0.14	2.36	0.67	2.76	7.51	4.71
Barclays US Credit TR USD	-1.01	4.60	0.46	3.35	2.79	3.96	9.35	7.80
Barclays High Yield Corporate TR USD	0.74	1.74	1.88	1.71	6.45	3.88	7.11	10.53
JPM EMBI Global Diversified TR USD	-0.47	3.54	1.90	1.78	5.80	4.24	5.26	12.04

Other

Bloomberg Commodity TR USD	3.42	14.23	4.97	8.94	10.19	10.45	-3.12	16.56
Wilshire US REIT TR USD	-1.06	23.06	2.78	17.68	10.62	22.32	-7.90	42.95
MSCI Currency Factor Mix ER USD	0.14	1.11	-0.32	1.04	-0.08	1.34	-1.25	2.94

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
12/29/20	US	S&P CoreLogic CS 20-City YoY NSA	M	Oct	6.95%	7.95%	3.4
12/30/20	US	Advance Goods Trade Balance	M	Nov	-\$81.5b	-\$84.8b	-2.5
12/30/20	US	Pending Home Sales NSA YoY	M	Nov	21.0%	16.0%	-5.8
12/31/20	US	Initial Jobless Claims	W	26-Dec	835k	787k	-1.2
12/31/20	US	Continuing Claims	W	19-Dec	5370k	5219k	-1.4
01/04/21	UK	Consumer Credit YoY	M	Nov	--	-6.7%	--
01/04/21	GE	Retail Sales NSA YoY	M	Nov	4.0%	5.6%	1.5
01/05/21	EC	M3 Money Supply YoY	M	Nov	10.6%	11.0%	1.6
01/05/21	US	ISM Manufacturing	M	Dec	56.8	60.7	4.7
01/07/21	EC	Retail Sales YoY	M	Nov	0.9%	-2.9%	-1.2
01/07/21	US	ISM Services Index	M	Dec	54.5	57.2	4.0
01/08/21	EC	Unemployment Rate	M	Nov	8.5%	8.3%	-1.5
01/08/21	US	Change in Nonfarm Payrolls	M	Dec	50k	-140k	-1.8
01/08/21	US	Unemployment Rate	M	Dec	6.8%	6.7%	-0.8
01/08/21	US	Consumer Credit	M	Nov	\$9.000b	\$15.274b	2.4

ECONOMIC DATA - NEXT TWO WEEKS

Date	Country	Event	Freq	Period	Prior	Surv(M)	Std Dev
01/12/21	US	NFIB Small Business Optimism	M	Dec	101.4	100.2	1.1
01/13/21	US	CPI YoY	M	Dec	1.2%	1.3%	0.1
01/13/21	US	CPI Ex Food and Energy YoY	M	Dec	1.6%	1.6%	0.1
01/14/21	US	Continuing Claims	W	2-Jan	5072k	5000k	98.6
01/14/21	UK	Index of Services 3M/3M	M	Nov	9.7%	2.5%	0.6
01/14/21	UK	Monthly GDP (3M/3M)	M	Nov	10.2%	3.3%	0.7
01/15/21	EC	Trade Balance SA	M	Nov	25.9b	22.0b	19.5
01/15/21	US	PPI Ex Food, Energy, Trade YoY	M	Dec	0.9%	0.9%	0.1
01/15/21	US	Empire Manufacturing	M	Jan	4.9	6.0	2.3
01/15/21	US	Retail Sales Advance MoM	M	Dec	-1.1%	0.0%	0.4
01/15/21	US	U. of Mich. Sentiment	M	Jan P	80.7	79.9	1.9
01/20/21	US	NAHB Housing Market Index	M	Jan	86	87	0.0
01/21/21	US	Building Permits	M	Dec	1639k	1600k	31.3
01/21/21	US	Housing Starts	M	Dec	1547k	1560k	11.3
01/21/21	US	Philadelphia Fed Business Outlook	M	Jan	11.1	12.6	3.2

Source: Bloomberg



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