

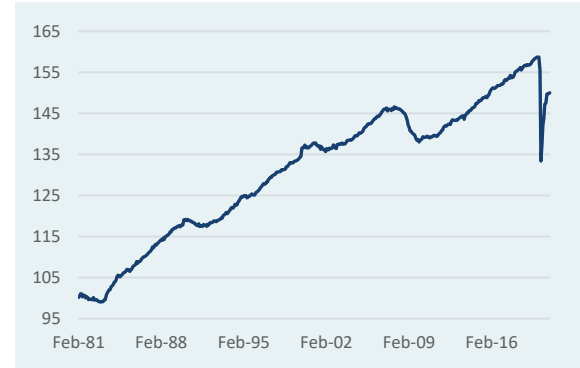
# Capital Markets Snapshot

January 25<sup>th</sup> to February 5<sup>th</sup>, 2021

## U.S. Economy

- U.S. real GDP expanded at an annualized quarterly pace of +4.0% in Q4, but shrank -2.5% year-over-year. Gross private domestic investment surged and consumption grew modestly, while net exports and slowing government spending weighed on growth.
- Nonfarm payrolls recovered just +50K in January (exp. +105K), after falling -140K in December. The leisure and hospitality sector (-61K) remained under pressure, while the professional and business services sector managed to add 97K to payrolls.
- The unemployment rate narrowed from 6.7% to 6.3%, mostly due to 406,000 additional workers leaving the labor force.

## TOTAL IN U.S. LABOR FORCE (MILLIONS)



Source: Bureau of Labor Statistics, as of 1/31/21

## U.S. Markets

- Bullish speculation from retail investors on Robinhood sparked squeezes on a number of heavily-shorted small-cap companies. GameStop and several other stocks saw price gains of several hundred percent before plunging back to more-normal levels.
- Small-cap stocks (Russell 2000 +3.0%) outpaced large-caps (S&P 500 +1.2%) in a volatile stretch for U.S. equities. The VIX Index of implied volatility rose as high as 37.2 but ended the period at 20.9.
- The Federal Reserve reaffirmed its commitment to keeping the fed funds range at 0-0.25%, and its purchases of Treasuries and mortgage-backed securities at a pace of \$120 billion per month.

## GAMESTOP STOCK PRICE

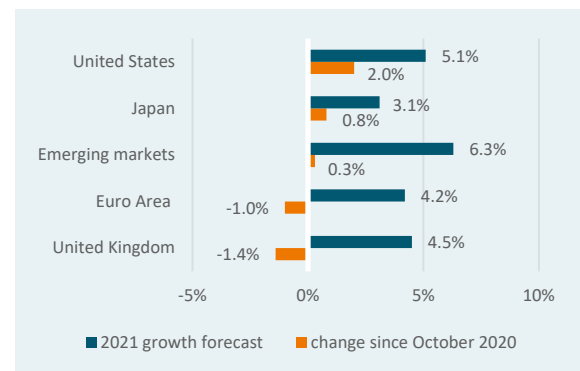


Source: Bloomberg, as of 2/5/21

## International Economy

- Eurozone GDP contracted -5.1% YoY in Q4. The German (-3.9%) and French (-5.0%) economies held up better, while the Italian (-6.6%) and Spanish (-9.1%) economies fared worse. The IMF cut its 2021 growth forecast for the Euro Area by 1.0% to +4.2%.
- German EU-harmonized consumer price inflation grew 1.6% year-over-year in January after falling -0.7% in December (exp. +0.5%). The massive jump in prices was attributed to increases in both value-added-tax rates and the statutory minimum wage.
- Around 56.5 million vaccine doses were administered over the period, bringing the new global total to 124.6 million.

## IMF GLOBAL GROWTH FORECASTS



Source: International Monetary Fund, as of January 2021

## International Markets

- U.S. equities (+1.2%) outperformed emerging market (+0.3%) and international developed equities (-0.8%) in U.S. dollar terms, despite a strengthening dollar. The Bloomberg Dollar Spot Index gained 0.7% on dollar strength relative to developed currencies.
- The 10-year U.K. government bond yield surged from 0.31% to 0.48% and the sterling advanced broadly on a report that the Bank of England's Monetary Policy Committee expects inflation to rise sharply toward its 2% target in the spring.
- Commodity prices climbed, specifically within the energy sector. Brent crude oil returned 7.3% and prices reached \$59.34/barrel.

## 10-YEAR U.K. GILT YIELD



Source: Bloomberg, as of 2/5/21



*Past performance is no guarantee of future results. This document is provided for informational purposes only and is directed to institutional clients and eligible institutional counterparties only and is not intended for retail investors. The information provided is obtained from sources deemed reliable, but there is no representation or warranty as to its accuracy, completeness or reliability. Nothing herein constitutes investment, legal, accounting or tax advice, or a recommendation to buy, sell or hold a security or pursue a particular investment vehicle or any trading strategy. This document may include or imply estimates, outlooks, projections and other "forward-looking statements." No assurance can be given that future results described or implied by any forward looking information will be achieved. Investing entails risks, including possible loss of principal.*

# Capital Markets Snapshot

## MARKET PERFORMANCE

### Equities

	Last Two Weeks 1/25/2021 - 2/5/2021		January		QTD		YTD	
	Return	Std Dev	Return	Std Dev	Return	Std Dev	Return	Std Dev
S&P 500 TR USD	1.23	21.89	-1.01	17.06	3.61	16.92	3.61	16.92
Russell 2000 TR USD	3.00	23.39	5.03	24.89	13.14	24.08	13.14	24.08
MSCI ACWI NR USD	0.62	18.41	-0.45	14.07	3.84	14.12	3.84	14.12
MSCI EAFE NR USD	-0.79	13.62	-1.07	12.30	1.66	11.83	1.66	11.83
MSCI EM NR USD	0.27	22.98	3.07	18.97	8.18	18.87	8.18	18.87

### Fixed Income

Barclays US Treasury US TIPS TR USD	-0.09	1.91	0.33	3.40	0.07	3.09	0.07	3.09
Barclays US Treasury TR USD	-0.56	2.75	-0.96	3.43	-1.58	3.18	-1.58	3.18
Barclays Long Term US Treasury TR USD	-2.32	9.58	-3.61	11.82	-5.97	10.99	-5.97	10.99
Barclays US Agg Bond TR USD	-0.36	1.88	-0.72	2.74	-1.11	2.52	-1.11	2.52
Barclays US Credit TR USD	-0.51	2.54	-1.19	4.33	-1.64	3.94	-1.64	3.94
Barclays High Yield Corporate TR USD	0.56	1.93	0.33	1.69	1.04	1.72	1.04	1.72
JPM EMBI Global Diversified TR USD	0.71	1.86	-1.09	3.64	-0.54	3.49	-0.54	3.49

### Other

Bloomberg Commodity TR USD	4.25	11.47	2.63	13.73	5.67	13.67	5.67	13.67
Wilshire US REIT TR USD	2.42	16.14	0.53	21.11	3.66	19.78	3.66	19.78
MSCI Currency Factor Mix ER USD	0.29	1.23	0.15	1.55	0.25	1.38	0.25	1.38

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
01/25/21	GE	IFO Business Climate	M	Jan	91.4	90.1	-1.4
01/26/21	US	S&P CoreLogic CS US HPI YoY NSA	M	Nov	8.85%	9.49%	2.7
01/26/21	US	Conf. Board Consumer Confidence	M	Jan	89.0	89.3	0.2
01/28/21	US	Advance Goods Trade Balance	M	Dec	-\$84.0b	-\$82.5b	0.9
01/28/21	US	GDP Annualized QoQ	Q	4Q A	4.2%	4.0%	-0.2
01/29/21	US	Personal Income	M	Dec	0.1%	0.6%	1.4
01/29/21	US	Personal Spending	M	Dec	-0.4%	-0.2%	0.7
01/29/21	US	PCE Deflator YoY	M	Dec	1.2%	1.3%	1.5
02/01/21	US	ISM Manufacturing	M	Jan	60.0	58.7	-1.6
02/02/21	EC	GDP SA YoY	Q	4Q A	-5.3%	-5.1%	0.2
02/03/21	US	ISM Services Index	M	Jan	56.7	58.7	3.1
02/04/21	EC	Retail Sales YoY	M	Dec	1.2%	0.6%	-0.2
02/05/21	US	Change in Nonfarm Payrolls	M	Jan	105k	49k	-0.5
02/05/21	US	Unemployment Rate	M	Jan	6.7%	6.3%	-4.7
02/05/21	US	Consumer Credit	M	Dec	\$12.000b	\$9.734b	-1.0

## ECONOMIC DATA - NEXT TWO WEEKS

Date	Country	Event	Freq	Period	Prior	Surv(M)	Std Dev
02/09/21	IT	Industrial Production WDA YoY	M	Dec	-4.2%	-1.4%	0.4
02/09/21	US	NFIB Small Business Optimism	M	Jan	95.9	97.5	2.1
02/09/21	FR	Industrial Production YoY	M	Dec	-4.6%	-1.7%	0.7
02/10/21	US	CPI YoY	M	Jan	1.4%	1.5%	0.1
02/10/21	US	CPI Ex Food and Energy YoY	M	Jan	1.6%	1.5%	0.1
02/11/21	US	Continuing Claims	W	30-Jan	4592k	4410k	64.8
02/11/21	UK	GDP YoY	Q	4Q P	-8.6%	-8.1%	0.7
02/12/21	US	U. of Mich. Sentiment	M	Feb P	79.0	80.9	0.8
02/14/21	JN	GDP Deflator YoY	Q	4Q P	1.2%	0.6%	0.5
02/15/21	EC	Industrial Production WDA YoY	M	Dec	-0.6%	0.0%	1.4
02/16/21	US	Empire Manufacturing	M	Feb	3.5	4.6	1.6
02/17/21	US	Retail Sales Advance MoM	M	Jan	-0.7%	0.8%	0.3
02/17/21	US	NAHB Housing Market Index	M	Feb	83	83	0.5
02/18/21	US	Housing Starts	M	Jan	1669k	1665k	56.7
02/19/21	US	Existing Home Sales	M	Jan	6.76m	6.56m	0.1

Source: Bloomberg



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