

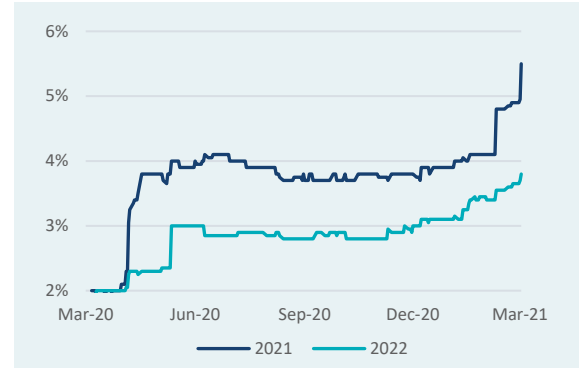
Capital Markets Snapshot

February 22nd to March 5th, 2021

U.S. Economy

- The FDA approved Johnson and Johnson’s single-dose vaccine for emergency use, and lawmakers in Washington neared agreement on a \$1.9 trillion stimulus package. Both developments helped to push GDP growth expectations higher over the period.
- Nonfarm payrolls grew by +379K in February (exp. +200K), driven by a 355K increase in leisure and hospitality sector jobs. The unemployment rate fell to 6.2%, but adjusting for the decline in labor force participation last year, the true rate is closer to 10%.
- Durable goods orders grew for the ninth straight month in January (+6.4% YoY), as orders surged for civilian aircraft and parts.

U.S. GDP GROWTH FORECASTS



Source: Bloomberg, as of 3/5/21

U.S. Markets

- Treasury yields spiked across the curve as the markets appeared to warm to the prospect that nearer-term inflation could surprise to the upside and force the Fed’s hand. Technical factors also played a role: a 7-year Treasury auction met anemic demand.
- Fed Chairman Powell’s final comments prior to the March meeting failed to satisfy the bond market, and yields moved higher. Some had expected the Fed to strengthen its guidance or discuss an extension to the maturity profile of its balance sheet.
- U.S. stocks and bonds declined as real interest rates climbed. The ten-year real yield rose from -0.82% to -0.67%, a nine-month high.

10-YEAR U.S. REAL YIELD

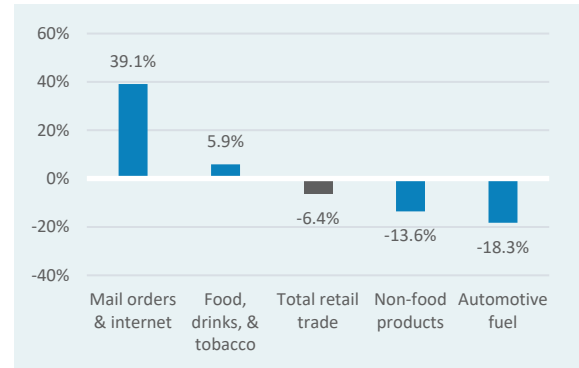


Source: Bloomberg, as of 3/5/21

International Economy

- Euro area retail sales volumes fell -6.4% YoY in January, in large part due to the reintroduction of social distancing curbs across Europe. Sales of non-food products plunged -13.6%, while sales online (+39.1%) and of food/drinks (+5.9%) provided support.
- The German IFO Business Climate Survey expanded from 90.1 to 92.4 (exp. 90.5) in February, supported by far better than expected sentiment around the six-month outlook, which hinged on vaccine optimism, and reportedly “well filled” order books.
- The Japanese Consumer Confidence Index rose from 29.6 to 33.8 (exp. 30.0) in February, its highest level since the pandemic began.

EURO AREA RETAIL TRADE (YOY)

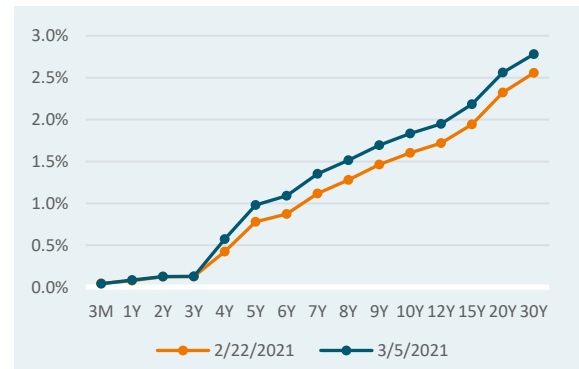


Source: Eurostat, as of 1/31/21

International Markets

- Global sovereign bond yields climbed, testing the resolve of central banks. The Reserve Bank of Australia made A\$7B in bond purchases to defend its three-year yield target, and the 10-year Japanese yield neared the upper end of the BoJ’s target range.
- Oil prices jumped on the news that OPEC+ decided to keep production levels relatively steady, rather than reverse some of the output cuts introduced last year. Brent crude oil prices rose from \$62.14 to \$69.36/bbl, the highest level since late 2018.
- Emerging market equities (-6.3%) underperformed global equities, driven by China (-11.0%), Brazil (-7.8%), and a weaker U.S. dollar.

AUD AUSTRALIAN SOVEREIGN YIELD CURVE



Source: Bloomberg as of 3/5/21



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Capital Markets Snapshot

MARKET PERFORMANCE

Equities

	Last Two Weeks 2/22/2021 - 3/5/2021		February		QTD		YTD	
	Return	Std Dev	Return	Std Dev	Return	Std Dev	Return	Std Dev
S&P 500 TR USD	-1.59	24.48	2.76	14.27	2.57	17.18	2.57	17.18
Russell 2000 TR USD	-3.25	36.56	6.23	25.92	11.15	26.95	11.15	26.95
MSCI ACWI NR USD	-3.19	17.24	2.32	12.03	1.96	13.82	1.96	13.82
MSCI EAFE NR USD	-3.27	19.03	2.24	14.85	0.66	13.72	0.66	13.72
MSCI EM NR USD	-6.28	26.14	0.76	21.01	3.91	20.16	3.91	20.16

Fixed Income

Barclays US Treasury US TIPS TR USD	-0.47	9.75	-1.61	7.04	-1.75	5.39	-1.75	5.39
Barclays US Treasury TR USD	-1.13	7.18	-1.81	5.53	-3.56	4.40	-3.56	4.40
Barclays Long Term US Treasury TR USD	-3.01	22.33	-5.57	17.40	-11.58	14.26	-11.58	14.26
Barclays US Agg Bond TR USD	-1.16	6.51	-1.44	4.96	-2.93	3.86	-2.93	3.86
Barclays US Credit TR USD	-1.94	8.40	-1.74	6.48	-4.30	5.34	-4.30	5.34
Barclays High Yield Corporate TR USD	-0.75	2.53	0.37	1.95	0.54	1.94	0.54	1.94
JPM EMBI Global Diversified TR USD	-2.48	5.72	-2.55	4.59	-4.40	4.44	-4.40	4.44

Other

Bloomberg Commodity TR USD	0.66	17.64	6.47	14.42	10.01	13.66	10.01	13.66
Wilshire US REIT TR USD	-0.75	18.01	3.25	14.25	3.79	17.30	3.79	17.30
MSCI Currency Factor Mix ER USD	0.49	2.46	0.38	1.08	0.84	1.60	0.84	1.60

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
02/22/21	GE	IFO Expectations	M	Feb	91.7	94.2	2.5
02/23/21	US	S&P CoreLogic CS 20-City YoY NSA	M	Dec	9.90%	10.10%	0.5
02/23/21	US	Conf. Board Consumer Confidence	M	Feb	90.0	91.3	0.7
02/24/21	US	New Home Sales	M	Jan	856k	923k	2.5
02/25/21	EC	Economic Confidence	M	Feb	92.1	93.4	2.1
02/25/21	US	Durable Goods Orders	M	Jan P	1.1%	3.4%	3.3
02/25/21	FR	CPI YoY	M	Feb P	0.3%	0.4%	0.8
02/26/21	US	Personal Income	M	Jan	9.5%	10.0%	0.4
02/26/21	US	Personal Spending	M	Jan	2.5%	2.4%	-0.1
02/26/21	US	PCE Core Deflator YoY	M	Jan	1.4%	1.5%	0.7
03/01/21	US	ISM Manufacturing	M	Feb	58.9	60.8	2.6
03/02/21	US	Wards Total Vehicle Sales	M	Feb	16.00m	15.67m	-0.9
03/05/21	US	Change in Nonfarm Payrolls	M	Feb	200k	379k	2.0
03/05/21	US	Unemployment Rate	M	Feb	6.3%	6.2%	-1.2
03/05/21	US	Consumer Credit	M	Jan	\$12.000b	-\$1.315b	-2.2

ECONOMIC DATA - NEXT TWO WEEKS

Date	Country	Event	Freq	Period	Prior	Surv(M)	Std Dev
03/09/21	IT	Industrial Production MoM	M	Jan	-0.2%	0.8%	0.4
03/09/21	US	NFIB Small Business Optimism	M	Feb	95.0	97.0	1.3
03/10/21	US	CPI YoY	M	Feb	1.4%	1.7%	0.1
03/10/21	US	CPI Ex Food and Energy YoY	M	Feb	1.4%	1.4%	0.1
03/11/21	EC	ECB Deposit Facility Rate	D	11-Mar	-0.50%	-0.50%	0.0
03/11/21	US	Continuing Claims	W	27-Feb	4295k	4200k	46.5
03/12/21	EC	Industrial Production WDA YoY	M	Jan	-0.8%	-2.3%	0.9
03/12/21	US	PPI Ex Food, Energy, Trade YoY	M	Feb	2.0%	2.5%	0.2
03/12/21	US	U. of Mich. Sentiment	M	Mar P	76.8	78.5	1.7
03/16/21	US	Retail Sales Advance MoM	M	Feb	5.3%	-0.2%	0.7
03/16/21	US	NAHB Housing Market Index	M	Mar	84.0	84.0	1.3
03/17/21	US	Building Permits	M	Feb	1881k	1725k	53.7
03/17/21	US	Housing Starts	M	Feb	1580k	1555k	73.1
03/18/21	UK	BOE Asset Purchase Target	M	Mar	875b	--	--
03/18/21	JN	BOJ 10-Yr Yield Target	D	19-Mar	0.00%	--	--

Source: Bloomberg



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