

Capital Markets Snapshot

March 8th to March 19th, 2021

U.S. Economy

- President Biden signed a \$1.9 trillion coronavirus relief package, which included direct payments for individuals and households, extended unemployment benefits, funding for vaccine distribution efforts, and aid for state and local governments.
- The Federal Reserve released its quarterly Summary of Economic Projections, which indicated that Fed officials grew more optimistic about the pace of the economic recovery. GDP growth expectations for 2021 were revised from +4.2% to +6.5%.
- The Philadelphia Fed Business Outlook survey skyrocketed from 23.1 to 51.8 (exp. 23.3) in March, its highest level since 1973.

U.S. Markets

- The Federal Open Market Committee reiterated its intention to keep rates low and maintain asset purchases of \$120B per month until employment is maximized, and core inflation is on track to moderately exceed the 2% target for some time.
- Fed officials have largely avoided questions about how they are viewing recent increases in Treasury yields, leaving many market participants unclear on the Fed's reaction function, which may result in elevated volatility in the bond market for some time.
- The S&P 500 Index returned +1.9% and closed 1.5% below all-time-high levels, while the Russell 2000 Index advanced 4.4%.

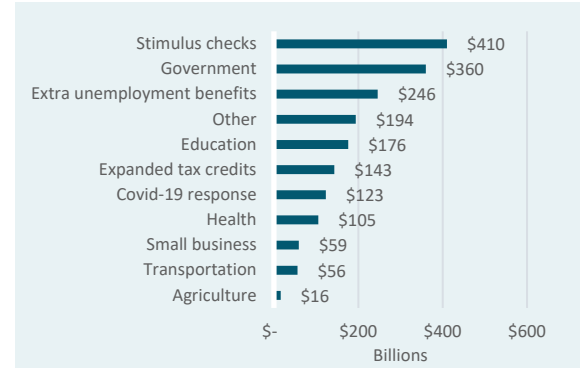
International Economy

- The OECD bumped its 2021 global GDP growth forecast from 4.2% to 5.6%, due in large part to the U.S., which is now expected to record 6.5% GDP growth, up from the 3.2% forecast in December.
- Many European countries stopped administering AstraZeneca's vaccine due to fears that the shot may cause blood clotting, which Europe's medicine regulatory body believes are unfounded. The vaccine campaign in Europe continues to lag the developed world.
- China posted beats on year-over-year growth in retail sales and industrial production, stoking speculation that the People's Bank of China will feel emboldened to continue tightening liquidity.

International Markets

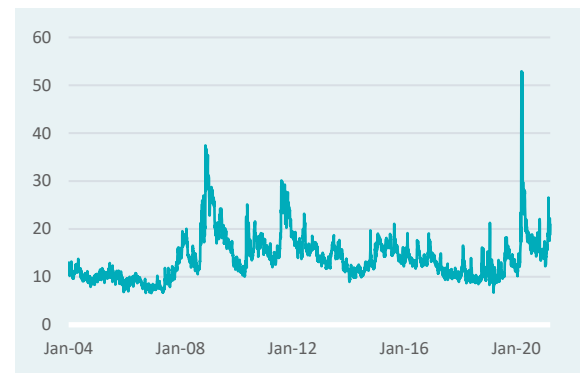
- International developed equities (MSCI EAFE +3.6%) outpaced U.S. large-cap stocks (S&P 500 +1.9%) and emerging market equities (MSCI EM -0.1%), as the dollar faded against trade-weighted pairs.
- The Bank of Japan tweaked its monetary policy to allow for increased flexibility around its annual purchases of equity exchange-traded-funds, and to formally establish a 25 bp symmetrical band around its 0.00% 10-year bond yield target.
- Emerging market central banks announced unexpected rate hikes to combat inflation. Short rates were hiked 2% to 19% in Turkey, from 2.00% to 2.75% in Brazil, and from 4.25% to 4.50% in Russia.

AMERICAN RESCUE PLAN ACT ALLOCATIONS



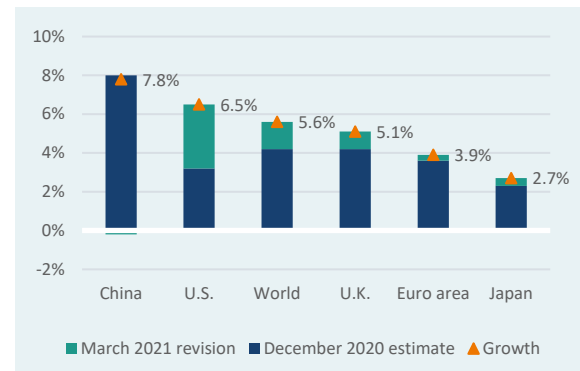
Source: Wall Street Journal, as of 3/11/21

20+ YEAR TREASURY BOND VOLATILITY INDEX



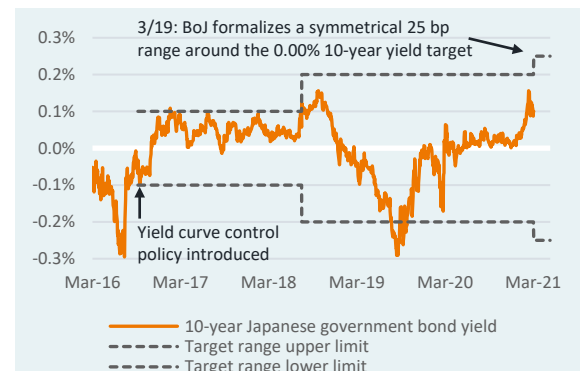
Source: Cboe, Bloomberg, as of 3/19/21

OECD 2021 GDP GROWTH FORECASTS



Source: OECD, as of 3/13/21

JAPANESE YIELD CURVE CONTROL POLICY



Source: Bloomberg, as of 3/19/21



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MARKET PERFORMANCE

Equities

	Last Two Weeks 3/8/2021 - 3/19/2021		MTD		QTD		YTD	
	Return	Std Dev	Return	Std Dev	Return	Std Dev	Return	Std Dev
S&P 500 TR USD	1.92	13.09	2.78	18.76	4.55	16.39	4.55	16.39
Russell 2000 TR USD	4.40	25.93	4.00	30.90	16.04	26.54	16.04	26.54
MSCI ACWI NR USD	2.18	10.94	2.29	14.42	4.18	13.27	4.18	13.27
MSCI EAFE NR USD	3.61	9.07	3.11	12.05	4.29	13.07	4.29	13.07
MSCI EM NR USD	-0.11	20.20	-0.06	21.19	3.79	19.99	3.79	19.99

Fixed Income

Barclays US Treasury US TIPS TR USD	-0.22	7.33	-0.69	6.42	-1.97	5.72	-1.97	5.72
Barclays US Treasury TR USD	-0.81	4.41	-1.63	3.94	-4.34	4.36	-4.34	4.36
Barclays Long Term US Treasury TR USD	-2.86	14.99	-5.64	13.42	-14.10	14.26	-14.10	14.26
Barclays US Agg Bond TR USD	-0.70	3.84	-1.49	3.50	-3.61	3.82	-3.61	3.82
Barclays US Credit TR USD	-0.76	5.81	-2.19	5.31	-5.03	5.38	-5.03	5.38
Barclays High Yield Corporate TR USD	-0.59	2.57	-0.75	2.62	-0.05	2.10	-0.05	2.10
JPM EMBI Global Diversified TR USD	0.24	7.62	-0.58	7.28	-4.17	5.16	-4.17	5.16

Other

Bloomberg Commodity TR USD	-1.56	15.17	-0.89	13.99	8.30	14.00	8.30	14.00
Wilshire US REIT TR USD	3.37	17.81	3.36	16.44	7.29	17.29	7.29	17.29
MSCI Currency Factor Mix ER USD	0.23	1.32	0.53	2.03	1.07	1.54	1.07	1.54

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
03/09/21	IT	Industrial Production MoM	M	Jan	0.8%	1.0%	0.6
03/09/21	US	NFIB Small Business Optimism	M	Feb	97.0	95.8	-0.9
03/10/21	US	CPI YoY	M	Feb	1.7%	1.7%	0.0
03/10/21	US	CPI Ex Food and Energy YoY	M	Feb	1.4%	1.3%	-1.3
03/11/21	EC	ECB Deposit Facility Rate	D	11-Mar	-0.50%	-0.50%	--
03/11/21	US	Continuing Claims	W	27-Feb	4200k	4144k	-1.3
03/12/21	EC	Industrial Production WDA YoY	M	Jan	-1.9%	0.1%	2.0
03/12/21	US	PPI Ex Food, Energy, Trade YoY	M	Feb	2.5%	2.2%	-1.5
03/12/21	US	U. of Mich. Sentiment	M	Mar P	78.5	83.0	2.5
03/16/21	US	Retail Sales Advance MoM	M	Feb	-0.5%	-3.0%	-2.6
03/16/21	US	NAHB Housing Market Index	M	Mar	84	82	-0.9
03/17/21	US	Housing Starts	M	Feb	1560k	1421k	-2.2
03/17/21	US	Building Permits	M	Feb	1750k	1682k	-1.1
03/18/21	UK	BOE Gilt Purchase Target	M	Mar	875b	875b	--
03/18/21	JN	BOJ 10-Yr Yield Target	D	19-Mar	0.00%	0.00%	--

ECONOMIC DATA - NEXT TWO WEEKS

Date	Country	Event	Freq	Period	Prior	Surv(M)	Std Dev
03/22/21	US	Existing Home Sales	M	Feb	6.69m	6.50m	0.1
03/23/21	UK	Employment Change 3M/3M	M	Jan	-114k	-215k	55.8
03/24/21	EC	Markit Eurozone Manufacturing PMI	M	Mar P	57.9	57.9	0.8
03/24/21	EC	Markit Eurozone Services PMI	M	Mar P	45.7	46.0	0.8
03/24/21	US	Markit US Manufacturing PMI	M	Mar P	58.6	59.5	0.7
03/24/21	US	Markit US Services PMI	M	Mar P	59.8	60.1	0.8
03/25/21	US	Kansas City Fed Manf. Activity	M	Mar	24	25	0.8
03/26/21	GE	Ifo Business Climate	M	Mar	92.4	93.2	0.5
03/26/21	US	Personal Income	M	Feb	10.0%	-7.0%	1.4
03/26/21	US	Personal Spending	M	Feb	2.4%	-0.7%	0.7
03/26/21	US	PCE Deflator YoY	M	Feb	1.5%	1.7%	0.1
03/30/21	US	Conf. Board Consumer Confidence	M	Mar	91.3	96.1	2.5
04/01/21	US	ISM Manufacturing	M	Mar	60.8	60.5	1.6
04/02/21	US	Change in Nonfarm Payrolls	M	Mar	379k	600k	63.3
04/02/21	US	Unemployment Rate	M	Mar	6.2%	6.1%	0.1

Source: Bloomberg



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