

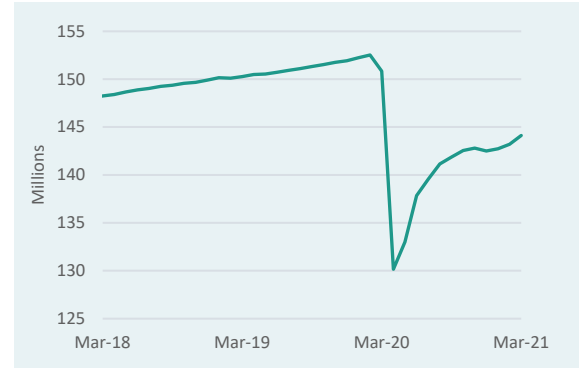
# Capital Markets Snapshot

March 22<sup>nd</sup> to April 2<sup>nd</sup>, 2021

## U.S. Economy

- President Biden unveiled a \$2.25 trillion infrastructure package, which would focus on revitalizing traditional infrastructure, and expanding broadband access. The plan, which would be financed by higher corporate taxes, has received bipartisan pushback.
- Nonfarm payrolls expanded at the fastest pace since last summer in March (+916K), easily exceeding the median estimate (+675K). Massive progress on the vaccination front contributed to strong employment gains in the hospitality and construction sectors.
- Consumer confidence surveys indicated growing optimism over both the present situation, and the near-term outlook.

## U.S. EMPLOYEES ON NON-FARM PAYROLLS



Source: Bureau of Labor Statistics, as of 3/31/21

## U.S. Markets

- The S&P 500 Price Index breached the 4000 level for the first time, finishing the period at 4020, and delivering a 2.8% total return. Small-cap equities underperformed (Russell 2000 Index -1.4%).
- Fed Chair Powell broke his silence on the magnitude and pace of yield movements during his testimony to the Senate Banking Committee, remarking that markets have adjusted in an “orderly” manner to a brighter economic outlook.
- Margin calls on Archegos Capital led to massive block trades which cratered prices for several stocks, left Credit Suisse and Nomura with multi-billion-dollar losses and kept markets on edge.

## U.S. 10-YEAR TREASURY YIELD

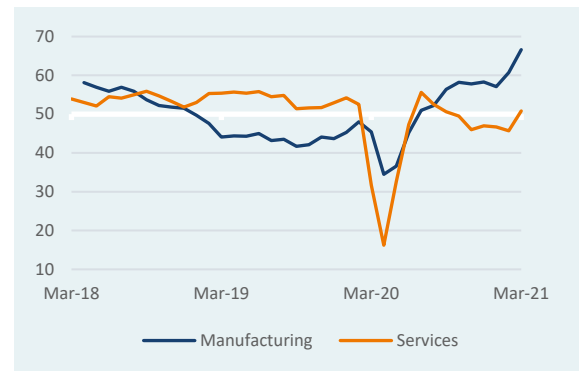


Source: Bloomberg, as of 4/2/21

## International Economy

- The divergence between the global manufacturing and services sectors narrowed slightly in March, as services purchasing managers indices showed signs of life. Services PMIs moved back into expansionary territory in the U.K. and in Germany.
- The German IFO Business Climate Survey picked up from 92.4 to 96.6 (exp. 93.2), as both the current assessment and expectations components of the survey improved and beat expectations.
- Core inflation in the U.K. fell from a year-over-year pace of 1.4% in January to 0.9% in February (exp. 1.4%). Clothing and footwear prices fell at their sharpest monthly pace in more than 30 years.

## GERMAN PURCHASING MANAGERS' INDICES

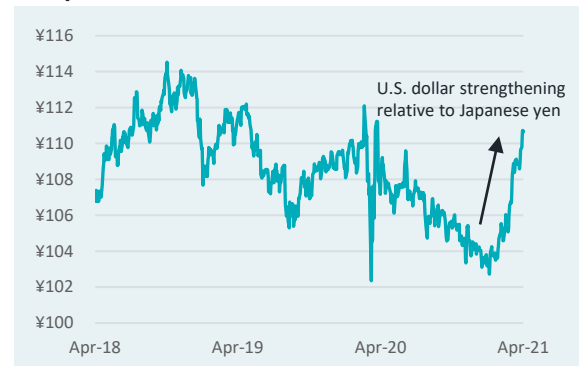


Source: Markit, Bloomberg, as of 3/31/21

## International Markets

- A resurgence in mega-cap tech stocks (NASDAQ 100 +3.6%) led U.S. large cap equities (+2.8%) to outperform emerging market (+0.2%) and international developed (-0.1%) equities.
- Japanese equities (MSCI Japan USD -2.4%) lagged international equities, due in part to a weakening yen. Short yen positions have swelled to multi-year highs amid a backdrop of increasing Treasury yields, and risk-on sentiment cutting appetite for haven assets.
- Global shipping issues were further complicated after a cargo ship called the Ever Given accidentally blocked for six days the Suez Canal, which facilitates roughly 12% of global trade.

## USD/YEN SPOT RATE



Source: Bloomberg, as of 4/2/21

# Capital Markets Snapshot

## MARKET PERFORMANCE

### Equities

	Last Two Weeks 3/22/2021 - 4/2/2021		March		Q1 2021		YTD	
	Return	Std Dev	Return	Std Dev	Return	Std Dev	Return	Std Dev
S&P 500 TR USD	2.76	12.81	4.38	16.54	6.17	15.86	7.43	15.88
Russell 2000 TR USD	-1.42	36.34	1.00	32.80	12.70	28.03	14.40	27.92
MSCI ACWI NR USD	1.53	12.12	2.67	13.26	4.57	12.97	5.78	13.02
MSCI EAFE NR USD	-0.08	9.50	2.30	11.27	3.48	12.63	4.21	12.56
MSCI EM NR USD	0.19	17.71	-1.51	19.37	2.29	19.50	3.99	19.54

### Fixed Income

Barclays US Treasury US TIPS TR USD	0.69	3.54	-0.19	5.60	-1.47	5.50	-1.29	5.48
Barclays US Treasury TR USD	0.15	3.57	-1.54	3.78	-4.25	4.25	-4.20	4.29
Barclays Long Term US Treasury TR USD	2.06	12.72	-4.99	13.05	-13.51	13.99	-12.34	14.24
Barclays US Agg Bond TR USD	0.58	2.98	-1.25	3.34	-3.37	3.71	-3.05	3.76
Barclays US Credit TR USD	1.19	4.17	-1.59	4.96	-4.45	5.22	-3.89	5.35
Barclays High Yield Corporate TR USD	1.08	1.52	0.15	2.60	0.85	2.12	1.03	2.12
JPM EMBI Global Diversified TR USD	-0.02	3.93	-0.96	6.13	-4.54	4.95	-4.19	4.99

### Other

Bloomberg Commodity TR USD	-0.81	19.78	-2.15	16.23	6.92	14.95	7.42	14.84
Wilshire US REIT TR USD	3.45	17.13	4.83	15.65	8.81	16.90	10.99	17.18
MSCI Currency Factor Mix ER USD	-0.02	2.44	0.41	2.19	0.96	1.69	1.05	1.68

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
03/22/21	US	Existing Home Sales	M	Feb	6.49m	6.22m	-2.4
03/23/21	UK	Employment Change 3M/3M	M	Jan	-167k	-147k	0.4
03/24/21	EC	Markit Eurozone Services PMI	M	Mar P	46.0	48.8	3.5
03/24/21	US	Markit US Services PMI	M	Mar P	60.1	60.0	-0.1
03/25/21	US	Kansas City Fed Manf. Activity	M	Mar	26	26	0.0
03/26/21	GE	Ifo Business Climate	M	Mar	93.2	96.6	6.0
03/26/21	US	Personal Income	M	Feb	-7.2%	-7.1%	0.1
03/26/21	US	Personal Spending	M	Feb	-0.8%	-1.0%	-0.3
03/26/21	US	PCE Core Deflator YoY	M	Feb	1.5%	1.4%	-1.5
03/30/21	US	Conf. Board Consumer Confidence	M	Mar	96.9	109.7	5.3
04/01/21	EC	Markit Eurozone Manufacturing PMI	M	Mar F	62.4	62.5	1.2
04/01/21	US	Markit US Manufacturing PMI	M	Mar F	59.1	59.1	0.0
04/01/21	US	ISM Manufacturing	M	Mar	61.5	64.7	2.8
04/02/21	US	Change in Nonfarm Payrolls	M	Mar	660k	916k	1.8
04/02/21	US	Unemployment Rate	M	Mar	6.0%	6.0%	0.0

## ECONOMIC DATA - NEXT TWO WEEKS

Date	Country	Event	Freq	Period	Prior	Surv(M)	Std Dev
04/05/21	US	ISM Services Index	M	Mar	55.3	59.0	1.0
04/05/21	US	Factory Orders	M	Feb	2.6%	-0.5%	0.9
04/06/21	EC	Sentix Investor Confidence	M	Apr	5.0	6.7	2.2
04/06/21	EC	Unemployment Rate	M	Feb	8.1%	8.1%	0.1
04/07/21	IT	Markit Italy Services PMI	M	Mar	48.8	49.1	1.6
04/07/21	IT	Markit Italy Composite PMI	M	Mar	51.4	52.2	0.7
04/07/21	US	Trade Balance	M	Feb	-\$68.2b	-\$70.4b	0.8
04/07/21	US	Consumer Credit	M	Feb	-\$1.315b	\$2.800b	6.3
04/09/21	US	PPI Ex Food, Energy, Trade YoY	M	Mar	2.2%	2.7%	1.1
04/13/21	US	CPI Ex Food and Energy MoM	M	Mar	0.1%	0.2%	0.0
04/14/21	US	Import Price Index MoM	M	Mar	1.3%	1.1%	0.2
04/14/21	US	Export Price Index MoM	M	Mar	1.6%	1.0%	0.1
04/15/21	US	Retail Sales Advance MoM	M	Mar	-3.0%	4.3%	0.6
04/15/21	US	Capacity Utilization	M	Mar	73.8%	75.6%	0.4
04/16/21	US	Housing Starts	M	Mar	1421k	1606k	61.3

Source: Bloomberg



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