

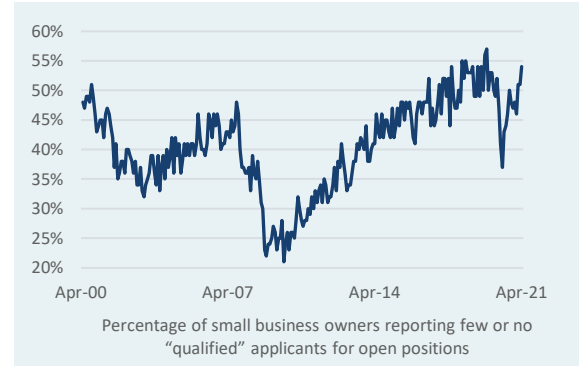
Capital Markets Snapshot

May 3rd to May 14th, 2021

U.S. Economy

- Nonfarm payrolls grew by just 266K in April, drastically missing street estimates (1000K). Safety concerns and the provision of additional unemployment benefits have dissuaded some from returning to work, and as a result, labor supply has been tight.
- Headline consumer price inflation grew +4.2% YoY in April, a pace much faster than anticipated (+3.6%). While base effects and transitory pandemic influences clearly contributed to the surprise, the print suggests inflation risks remain skewed to the upside.
- Fed officials expressed little concern over the hotter inflation data and remain confident that inflationary pressures will be transitory.

LABOR MARKET SUPPLY CONSTRAINED

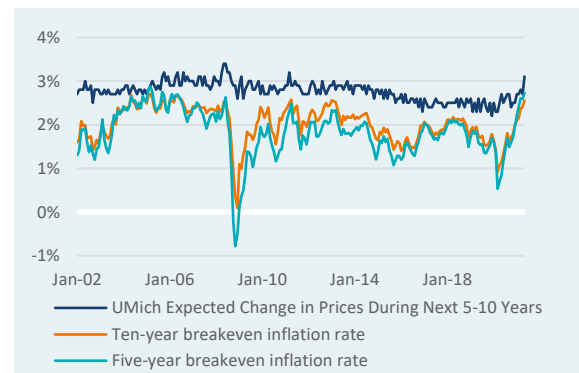


Source: NFIB, as of 4/30/21

U.S. Markets

- Anxiety around the risk of rising inflation pushed Treasury yields and breakeven inflation rates higher. The ten-year Treasury yield rose as high as 1.69%, just five basis points beneath its pandemic-era peak, and long-duration Treasuries (-1.0%) underperformed.
- Large-cap equities (S&P 500 Index -0.1%) fared better than small-cap equities (Russell 2000 Index -1.8%) over the period. The year-to-date outperformance of small-caps narrowed to just +1.3%.
- Credit spreads remained at very tight levels. Amazon held an 8-tranche debt offering and sold around \$1B in 2-year bonds at just a 10-basis point premium to the 2-year Treasury yield (0.16%).

RISING INFLATION EXPECTATIONS



Source: University of Michigan, Bloomberg, as of 5/14/21

International Economy

- The country of Seychelles saw per capita case growth surge to a level far exceeding that in India despite having fully vaccinated more than 60% of its population, raising doubts over the efficacy of some of the vaccines administered there, including Sinopharm.
- Chinese producer prices grew +6.8% YoY in April, the fastest level since late 2017, while consumer prices climbed just +0.9%. The divergence was attributed to muted core inflation, relatively restrained macro-policy support, and recovering pork supply.
- Investor confidence in the Eurozone's economic recovery spiked to a 21-year high – only 16% of those surveyed were not bullish.

EUROZONE ECONOMIC EXPECTATIONS



International Markets

- International developed equities (MSCI EAFE Index +1.3%) climbed higher while U.S. equities (S&P 500 Index -0.1%) traded sideways and emerging market equities (MSCI EM Index -2.9%) sold off.
- Concerns over inflation and a new crop of Covid-19 cases weighed on the tech-heavy Taiwanese equity market (-9.3%). Declines were exacerbated by several margin calls, which forced traders to unwind some of their positions in order to cover losses.
- The Bloomberg Commodity Index posted a +1.8% return, powered by strong returns in the energy (+2.8%) and precious metals (+4.4%) sectors while the rally in corn prices (-4.4%) lost steam.

UNWINDING OF LEVERAGE IN TAIWAN



Source: Bloomberg, Taiwan Stock Exchange, as of 5/14/21

Verus

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Capital Markets Snapshot

MARKET PERFORMANCE

	Last Two Weeks 5/3/2021 - 5/14/2021		MTD		QTD		YTD	
	Return	Std Dev	Return	Std Dev	Return	Std Dev	Return	Std Dev
Equities								
S&P 500 TR USD	-0.10	18.28	-0.10	18.28	5.23	13.50	11.73	15.04
Russell 2000 TR USD	-1.79	28.95	-1.79	28.95	0.27	21.45	13.01	25.92
MSCI ACWI NR USD	-0.29	15.73	-0.29	15.73	4.07	11.10	8.83	12.32
MSCI EAFE NR USD	1.26	19.22	1.26	19.22	4.31	12.95	7.94	12.69
MSCI EM NR USD	-2.91	14.23	-2.91	14.23	-0.49	12.01	1.79	17.28
Fixed Income								
Barclays US Treasury US TIPS TR USD	1.04	3.67	1.04	3.67	2.45	3.15	0.94	4.88
Barclays US Treasury TR USD	-0.10	2.81	-0.10	2.81	0.65	2.99	-3.63	3.91
Barclays Long Term US Treasury TR USD	-1.01	9.51	-1.01	9.51	1.30	9.80	-12.39	12.85
Barclays US Agg Bond TR USD	-0.09	2.69	-0.09	2.69	0.69	2.71	-2.70	3.44
Barclays US Credit TR USD	0.04	4.04	0.04	4.04	1.11	3.99	-3.39	4.89
Barclays High Yield Corporate TR USD	0.03	1.78	0.03	1.78	1.11	1.55	1.97	1.94
JPM EMBI Global Diversified TR USD	0.41	3.86	0.41	3.86	2.64	3.50	-2.02	4.65
Other								
Bloomberg Commodity TR USD	1.80	15.75	1.80	15.75	10.23	11.91	17.86	14.02
Wilshire US REIT TR USD	-1.46	21.94	-1.46	21.94	6.46	15.48	15.84	16.36
MSCI Currency Factor Mix ER USD	0.18	2.28	0.18	2.28	0.06	2.30	1.02	1.91

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
05/03/21	IT	Markit Italy Manufacturing PMI	M	Apr	61.0	60.7	-0.4
05/03/21	US	ISM Manufacturing	M	Apr	65.0	60.7	-4.1
05/03/21	US	ISM Prices Paid	M	Apr	86.0	89.6	4.3
05/04/21	US	Trade Balance	M	Mar	-\$74.4b	-\$74.4b	0.0
05/05/21	IT	Markit Italy Services PMI	M	Apr	50.0	47.3	-3.1
05/06/21	EC	Retail Sales YoY	M	Mar	9.4%	12.0%	0.6
05/06/21	UK	BOE Gilt Purchase Target	M	May	875b	875b	--
05/07/21	US	Change in Nonfarm Payrolls	M	Apr	1000k	266k	-3.7
05/07/21	CA	Participation Rate	M	Apr	65.2%	64.9%	-3.2
05/07/21	US	Unemployment Rate	M	Apr	5.8%	6.1%	2.4
05/07/21	US	Consumer Credit	M	Mar	\$20.000b	\$25.841b	0.6
05/11/21	US	NFIB Small Business Optimism	M	Apr	100.8	99.8	-1.0
05/12/21	US	CPI YoY	M	Apr	3.6%	4.2%	6.0
05/12/21	US	CPI Ex Food and Energy YoY	M	Apr	2.3%	3.0%	8.0
05/14/21	US	Retail Sales Advance MoM	M	Apr	1.0%	0.0%	-1.0

ECONOMIC DATA - NEXT TWO WEEKS

Date	Country	Event	Freq	Period	Prior	Surv(M)	Std Dev
05/17/21	US	NAHB Housing Market Index	M	May	83	83	1.4
05/17/21	JN	GDP Deflator YoY	Q	1Q P	0.3%	-0.1%	0.3
05/18/21	EC	GDP SA YoY	Q	1Q P	-1.8%	-1.8%	0.0
05/18/21	US	Building Permits	M	Apr	1766k	1770k	29.5
05/18/21	US	Housing Starts	M	Apr	1739k	1705k	40.7
05/20/21	US	Philadelphia Fed Business Outlook	M	May	50.2	41.9	4.0
05/21/21	EC	Markit Eurozone Manufacturing PMI	M	May P	62.9	62.6	0.8
05/21/21	EC	Markit Eurozone Services PMI	M	May P	50.5	52.4	1.4
05/21/21	US	Markit US Manufacturing PMI	M	May P	60.5	60.4	0.8
05/21/21	US	Markit US Services PMI	M	May P	64.7	64.5	0.9
05/21/21	US	Existing Home Sales	M	Apr	6.01m	6.08m	0.1
05/25/21	US	New Home Sales	M	Apr	1021k	960k	28.8
05/25/21	US	Conf. Board Consumer Confidence	M	May	121.7	120.0	1.8
05/28/21	US	Personal Spending	M	Apr	4.2%	0.5%	0.7
05/28/21	US	PCE Core Deflator YoY	M	Apr	1.8%	2.7%	0.5

Source: Bloomberg



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