

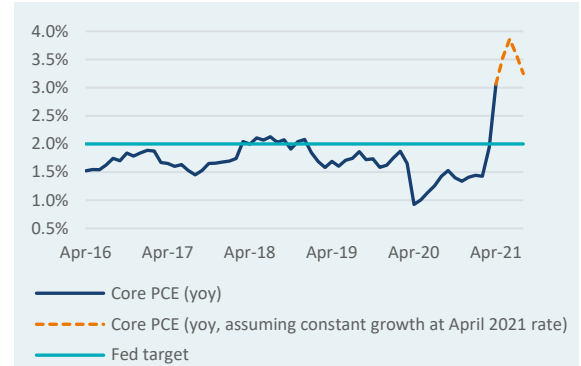
Capital Markets Snapshot

May 17th to May 28th, 2021

U.S. Economy

- Core PCE, the Fed's preferred inflation gauge, soared from a revised 1.9% YoY growth in March to 3.1% in April (exp. 2.9%). Broad price declines in April 2020 impacted the calculation, and these base effects will likely remain a factor in the near-term.
- Personal incomes fell on a monthly basis in April as a result of the stimulus checks which were sent out in March, but remained 0.6% higher year-on-year. Personal spending nudged higher in April (+28.6% YoY), and the savings rate narrowed from 28% to 15%.
- The Conference Board's Expectations Index dipped from 109.8 to 99.1 in May on concerns over labor market prospects.

INFLATION – TRANSITORY OR PERSISTENT?

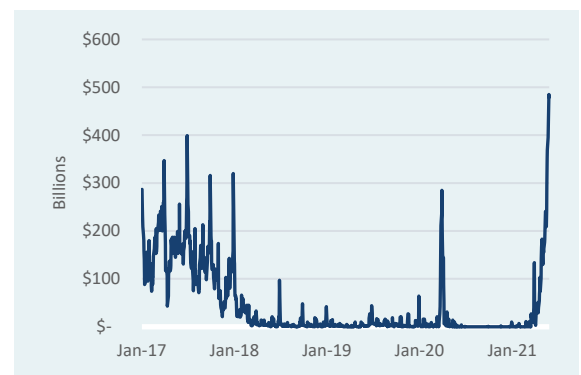


Source: BEA, as of 5/31/21

U.S. Markets

- Numerous Fed officials doubled down on the “inflation is more likely to be transitory than persistent” script, helping to push U.S. Treasury yields and the dollar lower, and tech stocks higher.
- The ten-year Treasury yield fell to 1.59% after reaching as high as 1.67%, just 7 bps below the pandemic high water mark (1.74%).
- Small-cap equities (+2.0%) outpaced large-cap equities (+0.8%), and in terms of long-short factor portfolios, growth (+0.9%) made a comeback relative to value (-0.9%), driven by strength in tech.
- Usage of the reverse repo facility surged, due partly to low T-bill supply, and in part to an abundance of cash in circulation.

USAGE OF THE FED'S REVERSE REPO FACILITY

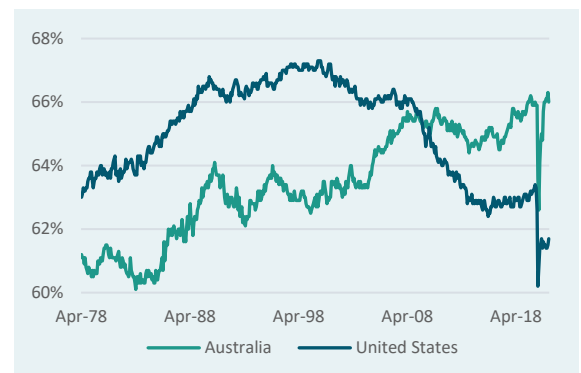


Source: Federal Reserve Bank of New York, as of 5/28/21

International Economy

- Business confidence in France soared above pre-crisis levels, supported by optimism in the services sector related to the gradual reopening of shops, bars, and restaurants.
- The Markit U.K. Manufacturing PMI rose to its highest level since the survey began in January 1992 (66.1 vs. exp. 60.7), according to preliminary May data. New orders increased at the fastest pace since data collection began nearly 30 years ago.
- Australian unemployment fell to 5.5% in April, but the decline was driven mostly by a decline in the labor force participation rate following the shuttering of a government subsidy program.

LABOR FORCE PARTICIPATION RATES

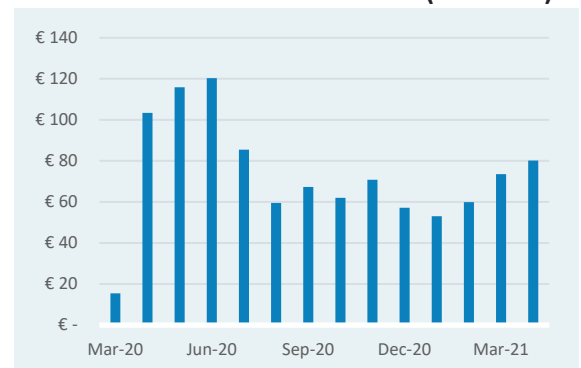


Source: Australian Bureau of Statistics, BLS, as of 4/30/21

International Markets

- Emerging market equities (+4.2%) bounced back relative to international developed (+2.8%) and U.S. equities (+0.8%). Stocks in China (+4.9%), Taiwan (+6.9%), India (+5.8%) led the way, and broad emerging market currency appreciation added tailwinds.
- Commodities advanced (+0.9%), driven by precious metals (+3.3%) and softs (+5.7%). Coffee futures (+12.0%) spiked on news that dry conditions would lead farmers in Brazil to ask for higher prices.
- Italian ten-year government bond yields fell from 1.07% to 0.91% as speculation mounted that the ECB would delay the reining in of the pace of asset purchases at their June 10th meeting.

ECB PEPP PROGRAM PURCHASES (BILLIONS)



Source: ECB, Bloomberg, as of 4/30/21



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Capital Markets Snapshot

MARKET PERFORMANCE

	Last Two Weeks 5/17/2021 - 5/28/2021		MTD		QTD		YTD	
	Return	Std Dev	Return	Std Dev	Return	Std Dev	Return	Std Dev
Equities								
S&P 500 TR USD	0.80	9.21	0.70	14.11	6.07	12.49	12.62	14.54
Russell 2000 TR USD	2.03	14.56	0.21	22.51	2.31	19.86	15.30	24.99
MSCI ACWI NR USD	1.80	6.66	1.51	11.87	5.95	10.13	10.79	11.87
MSCI EAFE NR USD	2.29	10.61	3.59	15.13	6.70	12.31	10.42	12.47
MSCI EM NR USD	4.17	10.54	1.15	13.46	3.66	11.91	6.03	16.80
Fixed Income								
Barclays US Treasury US TIPS TR USD	0.17	4.71	1.21	4.17	2.63	3.55	1.12	4.84
Barclays US Treasury TR USD	0.44	2.49	0.34	2.62	1.10	2.85	-3.20	3.81
Barclays Long Term US Treasury TR USD	1.47	7.46	0.45	8.56	2.79	9.22	-11.10	12.47
Barclays US Agg Bond TR USD	0.42	2.40	0.33	2.52	1.12	2.62	-2.29	3.36
Barclays US Credit TR USD	0.68	3.46	0.72	3.70	1.79	3.83	-2.74	4.78
Barclays High Yield Corporate TR USD	0.27	1.33	0.30	1.54	1.39	1.48	2.25	1.89
JPM EMBI Global Diversified TR USD	0.64	2.20	1.06	3.06	3.30	3.21	-1.39	4.48
Other								
Bloomberg Commodity TR USD	0.92	14.91	2.73	14.95	11.25	12.60	18.94	14.04
Wilshire US REIT TR USD	2.85	8.71	1.35	16.60	9.49	14.04	19.13	15.75
MSCI Currency Factor Mix ER USD	-0.08	2.00	0.10	2.10	-0.02	2.21	0.94	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
05/17/21	US	NAHB Housing Market Index	M	May	83	83	0.4
05/17/21	JN	GDP Deflator YoY	Q	1Q P	-0.1%	-0.2%	-0.4
05/18/21	EC	GDP SA YoY	Q	1Q P	-1.8%	-1.8%	0.0
05/18/21	US	Housing Starts	M	Apr	1704k	1569k	-3.2
05/18/21	US	Building Permits	M	Apr	1770k	1760k	-0.3
05/20/21	US	Philadelphia Fed Business Outlook	M	May	41.5	31.5	-2.5
05/21/21	EC	Markit Eurozone Manufacturing PMI	M	May P	62.5	62.8	0.4
05/21/21	EC	Markit Eurozone Services PMI	M	May P	52.5	55.1	2.0
05/21/21	US	Markit US Manufacturing PMI	M	May P	60.2	61.5	1.0
05/21/21	US	Markit US Services PMI	M	May P	64.3	70.1	4.3
05/21/21	US	Existing Home Sales	M	Apr	6.07m	5.85m	-1.8
05/25/21	US	New Home Sales	M	Apr	950k	863k	-1.7
05/25/21	US	Conf. Board Consumer Confidence	M	May	118.8	117.2	-0.6
05/28/21	US	Personal Spending	M	Apr	0.5%	0.5%	0.0
05/28/21	US	PCE Core Deflator YoY	M	Apr	2.9%	3.1%	1.6

ECONOMIC DATA - NEXT TWO WEEKS

Date	Country	Event	Freq	Period	Prior	Surv(M)	Std Dev
06/01/21	EC	Unemployment Rate	M	Apr	8.1%	8.1%	0.1
06/01/21	EC	CPI Core YoY	M	May P	0.7%	0.9%	0.1
06/01/21	CA	Quarterly GDP Annualized	Q	1Q	9.6%	6.8%	0.3
06/01/21	US	ISM Manufacturing	M	May	60.7	60.9	0.9
06/01/21	US	ISM Prices Paid	M	May	89.6	89.0	1.3
06/02/21	EC	PPI YoY	M	Apr	4.3%	7.3%	0.7
06/03/21	US	ISM Services Index	M	May	62.7	63.0	1.3
06/04/21	EC	Retail Sales YoY	M	Apr	12.0%	25.0%	6.8
06/04/21	US	Change in Nonfarm Payrolls	M	May	266k	650k	149.4
06/04/21	US	Unemployment Rate	M	May	6.1%	5.9%	0.1
06/04/21	US	Labor Force Participation Rate	M	May	61.7%	61.8%	0.1
06/07/21	US	Consumer Credit	M	Apr	\$25.841b	--	--
06/09/21	CA	Bank of Canada Rate Decision	D	9-Jun	0.25%	0.25%	0.0
06/10/21	US	CPI YoY	M	May	4.2%	--	--
06/10/21	US	CPI Ex Food and Energy YoY	M	May	3.0%	--	--

Source: Bloomberg



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