

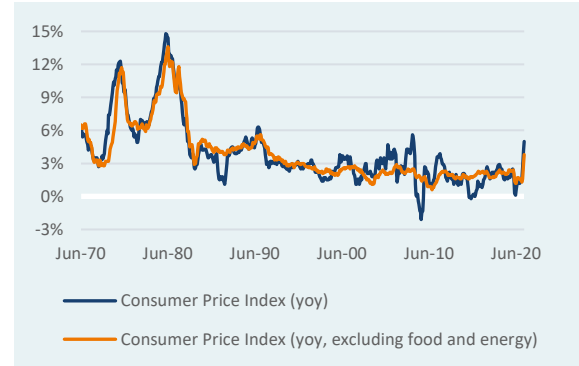
# Capital Markets Snapshot

May 31<sup>st</sup> to June 11<sup>th</sup>, 2021

## U.S. Economy

- Nonfarm payrolls expanded by 559K in May, improving from a revised 278K in April, but still missing expectations (675K). Year-to-date, 478K jobs have been added per month on average.
- The broad unemployment rate fell from 6.1% to 5.8%, but most of the move was attributed to a decline in labor force participation, which fell from 61.7% to 61.6% (exp. 61.8%).
- Headline consumer price inflation grew 5.0% year-over-year in May (exp. 4.7%), the highest level since 2008. Stripping out the volatile food and energy components, inflation grew 3.8% year-over-year (exp. 3.6%), the quickest pace since 1992.

## INFLATION CONTINUES TO PICK UP

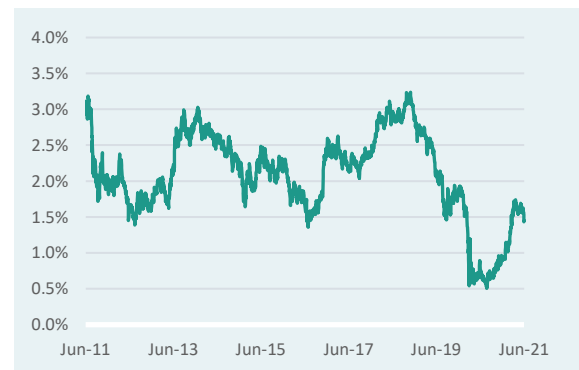


Source: BLS, as of 5/31/21

## U.S. Markets

- Despite the beats on both headline and core inflation in May, 10-year Treasury yields dipped 14 bps to 1.45%, the lowest level since early March. Long-duration Treasuries (+2.2%) outperformed.
- Small-cap stocks (Russell 2000 +3.0%) handily outpaced large-cap stocks (Russell 1000 +1.2%). From a sector perspective, Energy (+5.9%), Real Estate (+5.0%) and IT (+2.7%) led the way, supported by rising oil and home prices, and falling rates.
- Fed officials announced they would begin winding down their Secondary Market Corporate Credit Facility portfolio (\$13.7B) but noted that the move was not signaling a broader policy shift.

## TEN-YEAR U.S. TREASURY YIELD

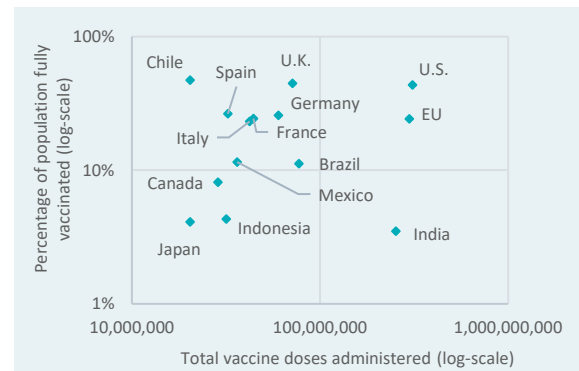


Source: Bloomberg, as of 6/11/21

## International Economy

- The percentage of the population of E.U. member states who have been fully vaccinated rose from 18.5% to 23.6%, propelled by accelerating dose administration in Germany. E.U. vaccination rates remain far below those in the U.K. (43.4%) and U.S. (42.5%).
- The German ZEW Survey of Economic Expectations unexpectedly faded in June, which some viewed as a consequence of far better current conditions, which are now back at pre-pandemic levels.
- The ECB upgraded its 2021 and 2022 GDP growth forecasts to 4.6% and 4.7% (4.0% and 4.1% in March). Inflation forecasts for 2021 and 2022 were bumped +0.4% to 1.9% and +0.3% to 1.5%.

## GLOBAL VACCINE DOSE ADMINISTRATION

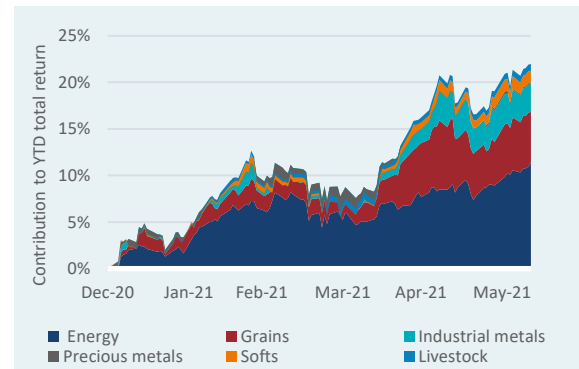


Source: Bloomberg, as of 6/11/21

## International Markets

- Emerging market equities (MSCI EM +1.7%) extended their comeback relative to U.S. (S&P 500 +1.1%) and international developed equities (MSCI EAFE +1.1%). Brazilian equities (+5.1%) outperformed and have gained 21.9% over the last three months.
- The European Central Bank renewed its pledge to keep asset purchases at a “significantly higher” pace than in the first few months of the year. Since boosting purchases in late March, the ECB has bought around €19B/month, up from €14B in Q1 2021.
- Commodities (+2.3%) performed well, boosted by the energy sector (+6.4%). Brent crude oil prices rose from \$68.72 to \$72.69.

## BLOOMBERG COMMODITY INDEX



Source: Bloomberg, as of 6/11/21



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# Capital Markets Snapshot

## MARKET PERFORMANCE

	Last Two Weeks 5/31/2021 - 6/11/2021		MTD		QTD		YTD	
	Return	Std Dev	Return	Std Dev	Return	Std Dev	Return	Std Dev
<b>Equities</b>								
S&P 500 TR USD	1.08	5.88	1.08	5.88	7.22	11.54	13.84	14.02
Russell 2000 TR USD	2.97	14.11	2.97	14.11	5.35	18.90	18.73	24.25
MSCI ACWI NR USD	1.22	5.22	1.18	5.22	7.24	9.39	12.15	11.46
MSCI EAFE NR USD	1.07	4.78	1.39	4.78	7.85	11.29	11.60	12.02
MSCI EM NR USD	1.68	12.95	0.51	12.95	5.40	11.98	7.81	16.48
<b>Fixed Income</b>								
Barclays US Treasury US TIPS TR USD	0.24	4.92	0.24	4.92	2.88	3.78	1.36	4.83
Barclays US Treasury TR USD	0.61	3.30	0.61	3.30	1.72	2.91	-2.61	3.78
Barclays Long Term US Treasury TR USD	2.18	9.92	2.18	9.92	5.03	9.31	-9.16	12.34
Barclays US Agg Bond TR USD	0.60	2.96	0.60	2.96	1.72	2.66	-1.71	3.34
Barclays US Credit TR USD	1.05	4.18	1.05	4.18	2.86	3.88	-1.72	4.76
Barclays High Yield Corporate TR USD	0.78	0.65	0.78	0.65	2.17	1.40	3.04	1.84
JPM EMBI Global Diversified TR USD	1.27	2.42	1.27	2.42	4.61	3.08	-0.14	4.40
<b>Other</b>								
Bloomberg Commodity TR USD	2.33	13.96	2.33	13.96	13.84	12.71	21.72	13.97
Wilshire US REIT TR USD	6.11	12.84	6.11	12.84	16.18	13.97	26.41	15.63
MSCI Currency Factor Mix ER USD	-0.48	1.09	-0.50	1.09	-0.50	2.07	0.45	1.87

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
06/01/21	EC	Unemployment Rate	M	Apr	8.1%	8.0%	-1.5
06/01/21	EC	CPI Core YoY	M	May P	0.9%	0.9%	0.0
06/01/21	CA	Quarterly GDP Annualized	Q	1Q	6.8%	5.6%	-3.6
06/01/21	US	ISM Manufacturing	M	May	61.0	61.2	0.2
06/01/21	US	ISM Prices Paid	M	May	89.5	88.0	-1.2
06/02/21	EC	PPI YoY	M	Apr	7.5%	7.6%	0.1
06/03/21	US	ISM Services Index	M	May	63.2	64.0	0.7
06/04/21	EC	Retail Sales YoY	M	Apr	25.0%	23.9%	-0.2
06/04/21	US	Change in Nonfarm Payrolls	M	May	675k	559k	-0.8
06/04/21	US	Unemployment Rate	M	May	5.9%	5.8%	-1.5
06/04/21	US	Labor Force Participation Rate	M	May	61.8%	61.6%	-2.6
06/07/21	US	Consumer Credit	M	Apr	\$20.000b	\$18.612b	-0.4
06/09/21	CA	Bank of Canada Rate Decision	D	9-Jun	0.25%	0.25%	--
06/10/21	US	CPI YoY	M	May	4.7%	5.0%	2.1
06/10/21	US	CPI Ex Food and Energy YoY	M	May	3.5%	3.8%	2.2

## ECONOMIC DATA - NEXT TWO WEEKS

Date	Country	Event	Freq	Period	Prior	Surv(M)	Std Dev
06/15/21	EC	Trade Balance SA	M	Apr	13.0b	15.0b	2.2
06/15/21	US	Retail Sales Advance MoM	M	May	0.0%	-0.6%	0.7
06/15/21	US	PPI Final Demand YoY	M	May	6.2%	6.2%	0.2
06/15/21	US	PPI Ex Food and Energy YoY	M	May	4.1%	4.8%	0.2
06/15/21	US	NAHB Housing Market Index	M	Jun	83.0	83.0	0.6
06/16/21	US	Interest Rate on Excess Reserves	D	17-Jun	0.10%	0.10%	0.0
06/17/21	US	Philadelphia Fed Business Outlook	M	Jun	31.5	31.0	4.3
06/22/21	US	Existing Home Sales	M	May	5.85m	5.73m	0.1
06/23/21	US	New Home Sales	M	May	863k	882k	21.0
06/24/21	UK	BOE Gilt Purchase Target	M	Jun	875b	--	--
06/24/21	US	Advance Goods Trade Balance	M	May	-\$85.2b	-\$87.0b	1.8
06/24/21	US	Durable Goods Orders	M	May P	-1.3%	2.5%	0.8
06/25/21	US	Personal Income	M	May	-13.10%	-3.00%	0.7
06/25/21	US	Personal Spending	M	May	0.5%	0.4%	0.5
06/25/21	US	PCE Core Deflator YoY	M	May	3.1%	--	--

Source: Bloomberg



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