

Capital Markets Snapshot

June 28th to July 9th, 2021

U.S. Economy

- Nonfarm payrolls expanded by 850K in June, bringing average monthly non-farm payroll growth in 2021 to +543K. Only about 6.8 million of the 22.4 million Americans who were laid off in March and April of 2020 have yet to regain employment.
- While job growth in June was strong, the broad unemployment rate ticked up from 5.8% to 5.9% (exp. 5.6%). The rate at which workers have been quitting their jobs has been at all-time-high levels in recent months, limiting the decline in unemployment.
- The Conference Board's Consumer Confidence Index surged to 127.3 in June, just 5.3 points below pre-pandemic levels.

U.S. Markets

- The reflation trade appeared to fall out of favor as investors rotated back into longer-duration tech companies amid a more cautious growth outlook. Small-cap stocks (-2.3%) materially lagged large-caps (+2.1%) and cyclical sectors underperformed.
- Long-duration Treasuries (+3.2%) extended their rally as the 10-year Treasury yield declined in eight out of nine trading days. Concerns over the delta variant, a slower-than-expected economic recovery, and an influx of foreign buyers all provided support.
- The thirty-year breakeven inflation rate dipped from 2.32% to 2.24%, 15 bps below the pandemic-era peak of 2.39% in May.

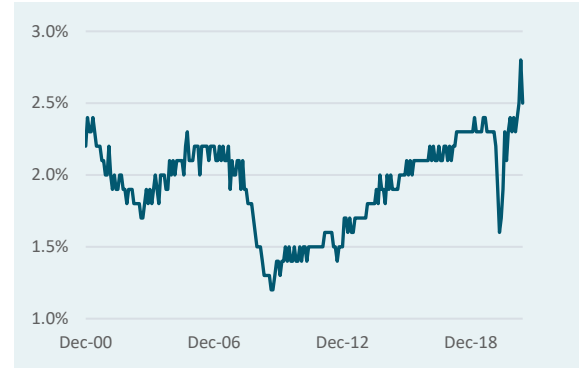
International Economy

- Transmission of the delta variant of the coronavirus accelerated globally, and many countries with less access to high-quality vaccines responded by imposing stricter social distancing controls. Weekly average daily global case growth rose to a four-week-high.
- The European Central Bank revised its inflation target from "below, but close to 2%" to 2%, with a symmetric aim and with overshoots allowed. Recent EU Commission forecasts imply a view that inflationary pressures are more likely to be transitory.
- The People's Bank of China cut the reserve requirement ratio for most banks by 0.5% to 12.0%, providing marginal accommodation.

International Markets

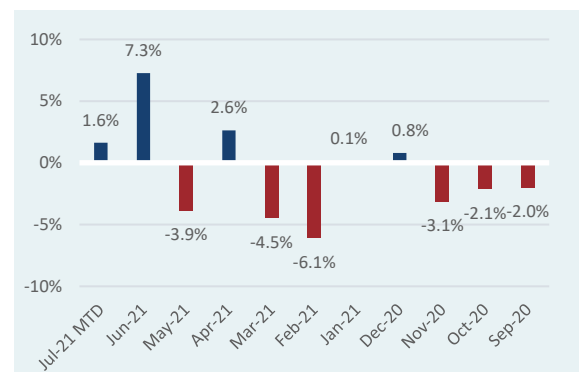
- Emerging market equities (-4.2%) significantly lagged the global benchmark (MSCI ACWI +0.3%) in U.S. dollar terms, driven by weakness in Chinese (-7.1%), Korean (-4.5%), and Brazilian (-7.2%) equities, and broad depreciation in emerging market currencies.
- International sovereign yields fell alongside Treasury yields, and the Bloomberg Barclays Global Treasuries Index returned 0.6%. U.K. sovereign bonds outperformed (BBgBarc UK Gilts +1.3%).
- The failure of OPEC+ to come to an agreement on output cuts resulted in a choppy few weeks of trading in the energy markets. Brent crude oil prices rose to \$75.55, the highest level since 2015.

MONTHLY JOB QUITS RATE



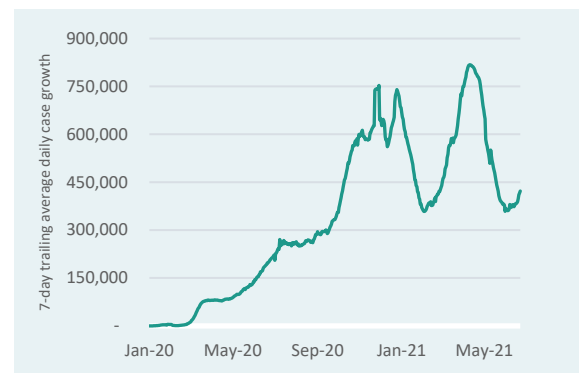
Source: Bureau of Labor Statistics, as of 5/31/21

ALL-CAP GROWTH MINUS VALUE RETURN



Source: FTSE, Bloomberg as of 7/9/21

DELTA VARIANT PUSHING UP CASE GROWTH



Source: Bloomberg, as of 7/9/21

BRENT CRUDE OIL PRICES (\$/BARREL)



Source: Bloomberg, as of 7/9/21

Capital Markets Snapshot

MARKET PERFORMANCE

	Last Two Weeks 6/28/2021 - 7/9/2021		June 2021		Q2 2021		YTD	
	Return	Std Dev	Return	Std Dev	Return	Std Dev	Return	Std Dev
Equities								
S&P 500 TR USD	2.13	8.98	2.33	8.37	8.55	11.16	17.24	13.49
Russell 2000 TR USD	-2.28	17.77	1.94	15.78	4.29	18.41	16.00	23.45
MSCI ACWI NR USD	0.31	8.26	1.32	7.06	7.39	9.13	12.92	11.07
MSCI EAFE NR USD	-1.17	8.64	-1.13	9.94	5.17	11.58	9.26	11.89
MSCI EM NR USD	-4.21	9.60	0.17	10.53	5.05	11.36	3.22	15.79
Fixed Income								
Barclays US Treasury US TIPS TR USD	0.96	2.97	0.61	5.09	3.25	4.12	2.23	4.81
Barclays US Treasury TR USD	1.06	3.85	0.64	3.62	1.75	3.11	-1.99	3.83
Barclays Long Term US Treasury TR USD	3.18	11.66	3.57	12.37	6.46	10.36	-6.42	12.58
Barclays US Agg Bond TR USD	0.84	3.25	0.70	3.21	1.83	2.81	-1.18	3.36
Barclays US Credit TR USD	1.07	4.30	1.50	4.44	3.32	4.02	-0.83	4.74
Barclays High Yield Corporate TR USD	0.67	1.22	1.34	0.87	2.74	1.31	4.03	1.75
JPM EMBI Global Diversified TR USD	0.29	1.68	0.73	2.69	4.06	3.04	-0.45	4.14
Other								
Bloomberg Commodity TR USD	1.15	16.74	1.85	17.30	13.30	14.34	19.81	14.72
Wilshire US REIT TR USD	2.15	12.36	3.06	15.70	12.84	14.53	27.22	15.53
MSCI Currency Factor Mix ER USD	-0.52	5.04	-0.24	1.83	-0.24	2.07	0.28	2.21

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
06/28/21	US	Dallas Fed Manf. Activity	M	Jun	32.5	31.1	-1.0
06/29/21	GE	CPI EU Harmonized YoY	M	Jun P	2.1%	2.1%	0.0
06/29/21	US	S&P CoreLogic CS 20-City YoY NSA	M	Apr	14.7%	14.9%	0.5
06/29/21	US	Conf. Board Consumer Confidence	M	Jun	119.0	127.3	4.5
06/30/21	EC	CPI Core YoY	M	Jun P	0.9%	0.9%	0.0
07/01/21	EC	Unemployment Rate	M	May	8.0%	7.9%	-1.4
07/01/21	US	ISM Manufacturing	M	Jun	60.9	60.6	-0.4
07/01/21	US	ISM Prices Paid	M	Jun	87.0	92.1	2.7
07/02/21	EC	PPI YoY	M	May	9.6%	9.6%	0.0
07/02/21	US	Change in Nonfarm Payrolls	M	Jun	720k	850k	1.1
07/02/21	US	Unemployment Rate	M	Jun	5.6%	5.9%	3.9
07/02/21	US	Average Hourly Earnings YoY	M	Jun	3.6%	3.6%	0.0
07/02/21	US	Labor Force Participation Rate	M	Jun	61.7%	61.6%	-0.4
07/02/21	US	Trade Balance	M	May	-\$71.3b	-\$71.2b	0.1
07/06/21	US	ISM Services Index	M	Jun	63.5	60.1	-3.7

ECONOMIC DATA - NEXT TWO WEEKS

Date	Country	Event	Freq	Period	Prior	Surv(M)	Std Dev
07/13/21	US	NFIB Small Business Optimism	M	Jun	99.6	99.5	0.7
07/13/21	US	CPI YoY	M	Jun	5.0%	4.9%	0.1
07/13/21	US	CPI Ex Food and Energy YoY	M	Jun	3.8%	4.0%	0.1
07/14/21	EC	Industrial Production WDA YoY	M	May	39.3%	22.2%	2.2
07/14/21	US	PPI Ex Food and Energy YoY	M	Jun	4.8%	5.0%	0.3
07/15/21	US	Philadelphia Fed Business Outlook	M	Jul	30.7	28.0	2.8
07/15/21	US	Initial Jobless Claims	W	10-Jul	373k	350k	12.8
07/16/21	US	Retail Sales Advance MoM	M	Jun	-1.3%	-0.4%	0.5
07/16/21	US	U. of Mich. Sentiment	M	Jul P	85.5	86.5	1.4
07/20/21	US	Housing Starts	M	Jun	1572k	1587k	21.1
07/22/21	US	Existing Home Sales	M	Jun	5.80m	5.94m	0.3
07/23/21	EC	Markit Eurozone Manufacturing PMI	M	Jul P	63.4	--	--
07/23/21	EC	Markit Eurozone Services PMI	M	Jul P	58.3	--	--
07/23/21	US	Markit US Manufacturing PMI	M	Jul P	62.1	--	--
07/23/21	US	Markit US Services PMI	M	Jul P	64.6	--	--

Source: Bloomberg



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