

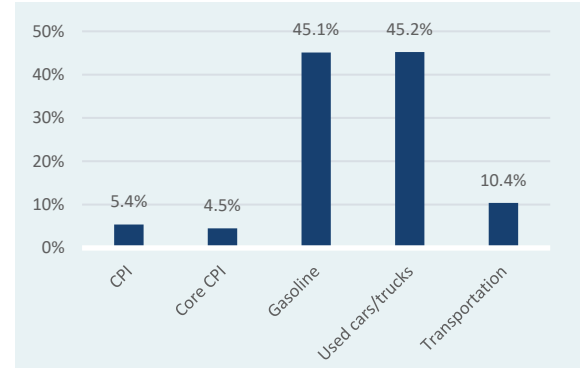
# Capital Markets Snapshot

July 12<sup>th</sup> to July 23<sup>rd</sup>, 2021

## U.S. Economy

- Headline consumer price inflation grew 5.4% year-over-year in June, beating expectations (+4.9%). Used car and truck prices (+45.2% YoY) climbed at their fastest monthly pace in history (since 1953) and accounted for around a third of price growth.
- Retail sales surprised to the upside in June, and grew 18.0% year-on-year, with reopening categories driving the advance. Concerns over inflation dampened consumer sentiment, but spending looks to have been supported by record savings and rising wealth.
- The pace of services sector growth slowed in June as employers dealt with labor shortages and difficulties acquiring inventory.

## CONSUMER PRICE INFLATION (YOY)

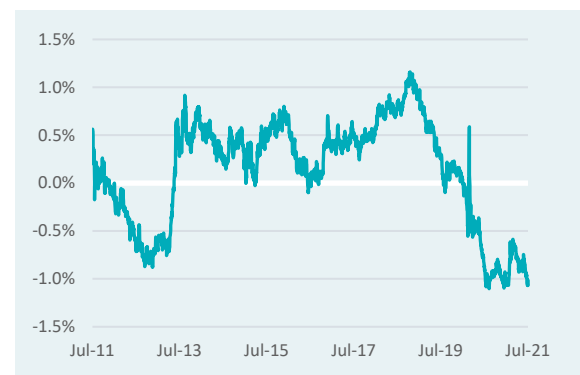


Source: Bureau of Labor Statistics, as of 6/30/21

## U.S. Markets

- The ten-year U.S. real yield declined from -0.94% to -1.07%, just three bps from record low levels as nominal Treasury bond yields moved lower and breakeven inflation expectations ticked higher. Treasury inflation-protected securities (+1.4%) outperformed.
- The S&P 500 Index delivered a total return of 1.0% and closed the period at 4412, a new record high level. Small-cap equities (Russell 2000 Index -3.1%) underperformed, as investors rotated into higher-quality (+2.2%) segments of the market.
- The option-adjusted spread of the Bloomberg Barclays U.S. Corporate High Yield Index advanced from 2.69% to 2.89%.

## U.S. TEN-YEAR REAL YIELD

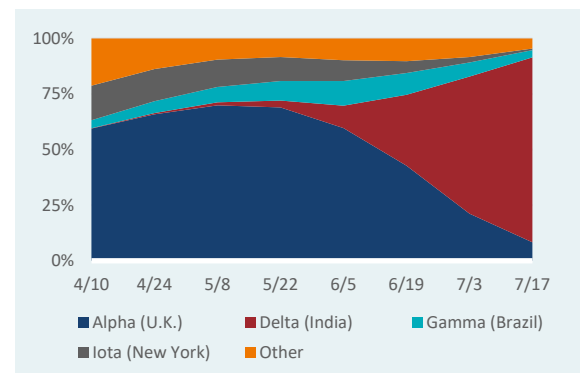


Source: Bloomberg, as of 7/23/21

## International Economy

- Delta variant case growth accelerated globally. A report from the Israeli Health Ministry found that the Pfizer vaccine is just 39% effective at preventing infection, though it remains 88% effective against hospitalization and 91% effective against severe illness.
- The European Central Bank announced that “until inflation reaches 2%...interest rates will be at current or lower levels”. The move was seen as an attempt to add credibility to the bank’s new inflation target, which was adjusted higher to 2% earlier in July.
- Japanese exports surged 48.6% year-over-year in June, supported U.S. demand for cars, and Chinese demand for semiconductors.

## SHARE OF U.S. CASE GROWTH BY VARIANT

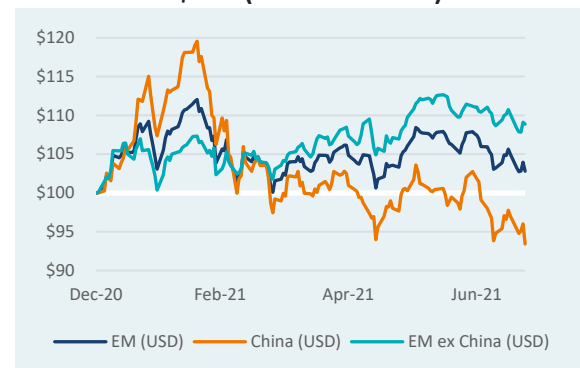


Source: CDC, as of 7/17/21

## International Markets

- U.S. equities (S&P 500 Index +1.0%) outperformed international developed (MSCI EAFE Index -0.3%) and emerging market (MSCI EM Index -0.4%) equities in USD terms as the dollar strengthened.
- Chinese equities slumped -1.5% and continued to present headwinds for emerging market equities. Over the last three months, the MSCI Emerging Markets ex China Index has returned +0.7%, outpacing the MSCI Emerging Markets Index by +3.6%.
- Global ten-year sovereign bond yields largely tracked U.S. Treasury yields lower. The U.S. dollar-hedged Bloomberg Barclays Global Treasuries Index returned +0.8%.

## GROWTH OF \$100 (YEAR-TO-DATE)



Source: MSCI, Bloomberg, as of 7/23/21



*Past performance is no guarantee of future results. This document is provided for informational purposes only and is directed to institutional clients and eligible institutional counterparties only and is not intended for retail investors. The information provided is obtained from sources deemed reliable, but there is no representation or warranty as to its accuracy, completeness or reliability. Nothing herein constitutes investment, legal, accounting or tax advice, or a recommendation to buy, sell or hold a security or pursue a particular investment vehicle or any trading strategy. This document may include or imply estimates, outlooks, projections and other “forward-looking statements.” No assurance can be given that future results described or implied by any forward looking information will be achieved. Investing entails risks, including possible loss of principal.*

# Capital Markets Snapshot

## MARKET PERFORMANCE

	Last Two Weeks 7/12/2021 - 7/23/2021		MTD		QTD		YTD	
	Return	Std Dev	Return	Std Dev	Return	Std Dev	Return	Std Dev
<b>Equities</b>								
S&P 500 TR USD	1.00	14.40	2.74	12.98	2.74	12.98	18.41	13.51
Russell 2000 TR USD	-3.07	26.02	-4.34	23.88	-4.34	23.88	12.44	23.60
MSCI ACWI NR USD	0.52	12.38	1.08	11.26	1.08	11.26	13.51	11.12
MSCI EAFE NR USD	-0.26	14.95	0.14	12.55	0.14	12.55	8.98	12.08
MSCI EM NR USD	-0.41	14.93	-4.34	13.98	-4.34	13.98	2.79	15.68
<b>Fixed Income</b>								
Barclays US Treasury US TIPS TR USD	1.36	3.13	1.86	3.18	1.86	3.18	3.63	4.72
Barclays US Treasury TR USD	0.48	5.36	1.09	4.98	1.09	4.98	-1.52	3.94
Barclays Long Term US Treasury TR USD	1.28	17.08	2.93	15.54	2.93	15.54	-5.22	12.90
Barclays US Agg Bond TR USD	0.43	4.25	0.87	3.99	0.87	3.99	-0.75	3.42
Barclays US Credit TR USD	0.52	5.19	0.97	4.97	0.97	4.97	-0.32	4.76
Barclays High Yield Corporate TR USD	-0.08	3.05	0.32	2.59	0.32	2.59	3.95	1.86
JPM EMBI Global Diversified TR USD	0.20	1.82	0.42	1.85	0.42	1.85	-0.25	4.02
<b>Other</b>								
Bloomberg Commodity TR USD	2.35	17.60	1.22	17.40	1.22	17.40	22.62	14.88
Wilshire US REIT TR USD	1.09	21.36	4.74	18.15	4.74	18.15	28.61	15.92
MSCI Currency Factor Mix ER USD	0.15	4.26	-0.27	4.86	-0.27	4.86	0.44	2.39

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
07/13/21	US	NFIB Small Business Optimism	M	Jun	99.5	102.5	4.4
07/13/21	US	CPI YoY	M	Jun	4.9%	5.4%	4.9
07/13/21	US	CPI Ex Food and Energy YoY	M	Jun	4.0%	4.5%	4.5
07/14/21	EC	Industrial Production WDA YoY	M	May	22.2%	20.5%	-0.8
07/14/21	US	PPI Ex Food and Energy YoY	M	Jun	5.1%	5.6%	1.8
07/15/21	US	Philadelphia Fed Business Outlook	M	Jul	28.0	21.9	-2.2
07/15/21	US	Initial Jobless Claims	W	10-Jul	350k	360k	0.8
07/16/21	US	Retail Sales Advance MoM	M	Jun	-0.3%	0.6%	1.7
07/16/21	US	U. of Mich. Sentiment	M	Jul P	86.5	80.8	-3.9
07/20/21	US	Housing Starts	M	Jun	1590k	1643k	1.4
07/22/21	US	Existing Home Sales	M	Jun	5.90m	5.86m	-0.4
07/23/21	EC	Markit Eurozone Manufacturing PMI	M	Jul P	62.5	62.6	0.1
07/23/21	EC	Markit Eurozone Services PMI	M	Jul P	59.3	60.4	1.1
07/23/21	US	Markit US Manufacturing PMI	M	Jul P	62.0	63.1	1.9
07/23/21	US	Markit US Services PMI	M	Jul P	64.5	59.8	-4.8

## ECONOMIC DATA - NEXT TWO WEEKS

Date	Country	Event	Freq	Period	Prior	Surv(M)	Std Dev
07/27/21	US	Conf. Board Consumer Confidence	M	Jul	127.3	124.0	1.9
07/29/21	US	GDP Annualized QoQ	Q	2Q A	6.4%	8.0%	1.3
07/30/21	EC	CPI Core YoY	M	Jul P	0.9%	0.7%	0.2
07/30/21	EC	GDP SA YoY	Q	2Q A	-1.3%	13.2%	0.3
07/30/21	US	Personal Income	M	Jun	-2.0%	-0.7%	0.8
07/30/21	US	Personal Spending	M	Jun	0.0%	0.6%	0.3
07/30/21	US	PCE Core Deflator YoY	M	Jun	3.4%	3.7%	0.1
08/02/21	US	ISM Manufacturing	M	Jul	60.6	60.6	0.3
08/04/21	US	ISM Services Index	M	Jul	60.1	61.0	0.7
08/05/21	UK	BOE Gilt Purchase Target	M	Aug	875b	--	--
08/05/21	US	Trade Balance	M	Jun	-\$71.2b	-\$70.8b	0.5
08/06/21	US	Change in Nonfarm Payrolls	M	Jul	850k	750k	100.1
08/06/21	US	Unemployment Rate	M	Jul	5.9%	5.7%	0.0
08/06/21	US	Average Hourly Earnings YoY	M	Jul	3.6%	3.8%	0.1
08/06/21	US	Consumer Credit	M	Jun	\$35.281b	\$20.000b	2.4

Source: Bloomberg



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