

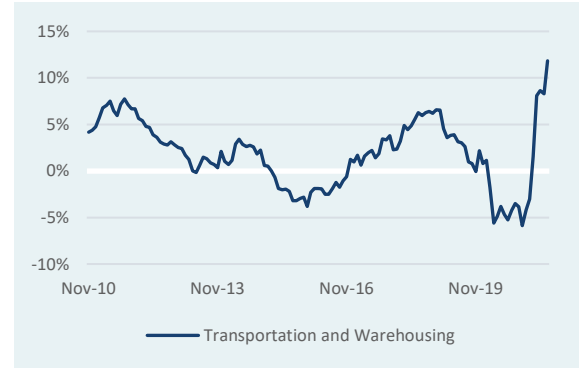
# Capital Markets Snapshot

August 9<sup>th</sup> to August 20<sup>th</sup>, 2021

## U.S. Economy

- Broad sentiment deteriorated as the spread of the delta variant led to the reintroduction of social distancing controls. Supply chain disruptions and labor shortages have prevented small businesses from being able to increase supply to meet demand.
- Producer prices (excluding food and energy) grew 6.2% YoY in July, up from 5.6% in June, driven by further increases in the price of transportation and warehousing services (+11.8% YoY).
- Consumer price inflation ticked up to 5.4% YoY in July, but some viewed the leveling off in the pace of price growth for used cars and trucks as a signal that inflation may be near its peak.

## PRODUCER PRICE INDEX GROWTH (YOY)

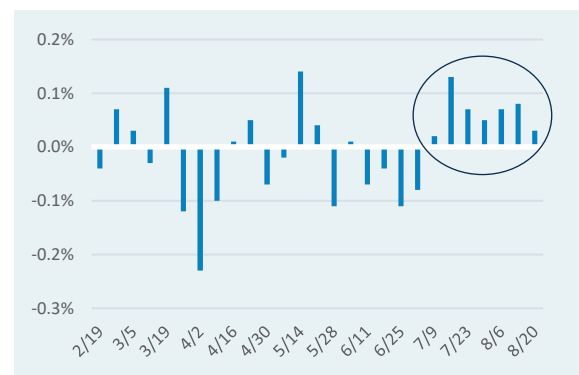


Source: Bureau of Labor Statistics, as of 7/31/21

## U.S. Markets

- Treasury yields declined and long-duration Treasuries (+1.7%) outperformed as investors positioned themselves ahead of Fed Chairman Powell's upcoming speech at Jackson Hole. Commentary from FOMC participants turned more dovish on virus concerns.
- Large-cap equities returned 0.2% while small-cap equities fell 3.5% amid a more cautious risk outlook. Defensive sectors including utilities (+3.2%), consumer staples (+2.4%) and health care (+2.0%) outperformed while the energy sector (-7.8%) underperformed.
- After reaching a 14-year low of 2.62% in early July, high-yield credit spreads have risen in each of the last seven weeks.

## WEEKLY HIGH YIELD SPREAD CHANGE

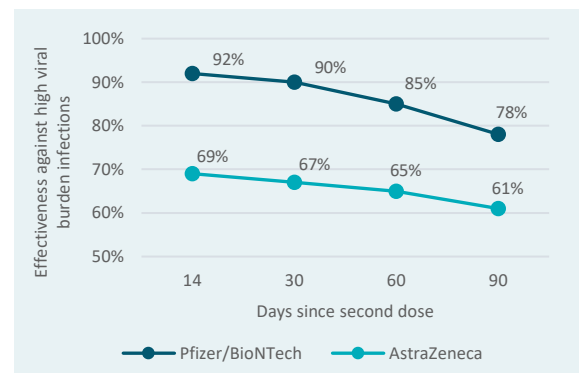


Source: Bloomberg, as of 8/20/21

## International Economy

- The University of Oxford and the U.K.'s Office for National Statistics released a preliminary study finding that the efficacy of both the Pfizer/BioNTech and AstraZeneca vaccines decayed materially in the 90 days following reception of second doses.
- Producer prices in Germany rose 10.4% YoY in July, beating estimates (+9.2%) handily, and marking the fastest annual increase since January 1975 when the oil crisis of October 1973 sent prices soaring. Excluding energy prices, producer prices increased 7.4%.
- German economic expectations fell for a third straight month due in part to concerns around a slowdown in growth in China.

## VACCINE EFFECTIVENESS DECAY

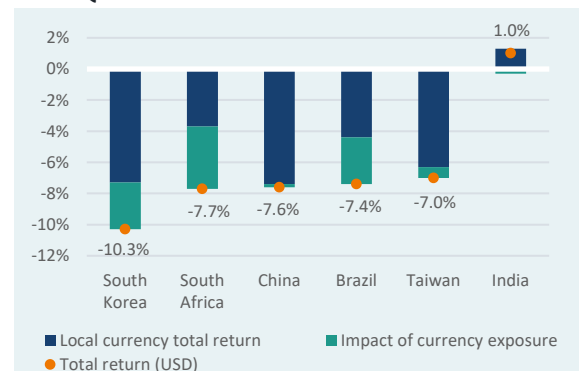


Source: University of Oxford, Office for National Statistics, as of 8/19/21

## International Markets

- Uncertainty around the Fed's plan for tapering and increased regulation on specific segments of the Chinese economy contributed to a broad sell-off in emerging market equities (-5.4%) which faced additional pressure from a stronger U.S. dollar.
- Brent crude oil returned -7.9% as concerns over the delta variant and a stronger U.S. dollar outweighed the impact of falling inventories. The broad Bloomberg Commodity Index fell -3.7%.
- The unexpected takeover of Afghanistan by the Taliban led to a sell-off in Afghanistan's currency as well as Pakistani bonds and likely resulted in an increase in geopolitical risk on the margin.

## EM EQUITY TWO-WEEK PERFORMANCE



Source: MSCI, Bloomberg, as of 8/20/21



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# Capital Markets Snapshot

## MARKET PERFORMANCE

	Last Two Weeks 8/9/2021 - 8/20/2021		MTD		QTD		YTD	
	Return	Std Dev	Return	Std Dev	Return	Std Dev	Return	Std Dev
<b>Equities</b>								
S&P 500 TR USD	0.20	8.48	1.16	8.28	3.56	10.32	19.36	12.92
Russell 2000 TR USD	-3.51	14.38	-2.56	15.67	-6.08	19.47	10.39	22.74
MSCI ACWI NR USD	-1.08	6.60	-0.11	6.36	0.58	9.10	12.95	10.71
MSCI EAFE NR USD	-1.43	10.79	-0.40	10.65	0.35	11.43	9.21	11.90
MSCI EM NR USD	-5.43	13.50	-4.31	13.93	-10.75	16.89	-4.10	16.21
<b>Fixed Income</b>								
Barclays US Treasury US TIPS TR USD	-0.11	2.91	-0.83	3.09	1.82	3.42	3.58	4.58
Barclays US Treasury TR USD	0.40	2.76	0.00	3.51	1.36	4.12	-1.25	3.87
Barclays Long Term US Treasury TR USD	1.74	8.61	0.75	10.73	4.43	12.70	-3.84	12.58
Barclays US Agg Bond TR USD	0.27	2.42	-0.15	3.06	0.97	3.40	-0.65	3.35
Barclays US Credit TR USD	0.37	3.49	-0.25	4.29	1.04	4.41	-0.25	4.66
Barclays High Yield Corporate TR USD	-0.21	1.09	-0.41	1.00	-0.03	1.87	3.59	1.79
JPM EMBI Global Diversified TR USD	0.01	1.79	0.17	2.03	0.59	1.89	-0.08	3.82
<b>Other</b>								
Bloomberg Commodity TR USD	-3.72	15.49	-5.31	13.01	-3.57	15.75	16.82	14.91
Wilshire US REIT TR USD	-0.44	9.67	-0.10	10.38	5.00	13.92	28.92	15.26
MSCI Currency Factor Mix ER USD	-0.67	3.23	-0.48	3.10	-1.08	3.81	-0.38	2.45

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
08/10/21	GE	ZEW Survey Expectations	M	Aug	55.0	40.4	-3.0
08/10/21	US	NFIB Small Business Optimism	M	Jul	102.0	99.7	-2.2
08/11/21	US	CPI YoY	M	Jul	5.3%	5.4%	0.9
08/11/21	US	CPI Ex Food and Energy YoY	M	Jul	4.3%	4.3%	0.0
08/11/21	UK	GDP YoY	Q	2Q P	22.1%	22.2%	0.6
08/12/21	US	Initial Jobless Claims	W	7-Aug	375k	375k	0.0
08/12/21	US	Continuing Claims	W	31-Jul	2900k	2866k	-0.3
08/13/21	US	U. of Mich. Sentiment	M	Aug P	81.2	70.2	-8.8
08/15/21	JN	GDP Annualized SA QoQ	Q	2Q P	0.5%	1.3%	1.0
08/17/21	US	Retail Sales Advance MoM	M	Jul	-0.3%	-1.1%	-1.6
08/17/21	US	Retail Sales Ex Auto MoM	M	Jul	0.2%	-0.4%	-1.0
08/17/21	US	NAHB Housing Market Index	M	Aug	80	75	-3.2
08/18/21	EC	CPI YoY	M	Jul F	2.2%	2.2%	0.0
08/18/21	EC	CPI Core YoY	M	Jul F	0.7%	0.7%	0.0
08/18/21	US	Housing Starts	M	Jul	1600k	1534k	-1.9

## ECONOMIC DATA - NEXT TWO WEEKS

Date	Country	Event	Freq	Period	Prior	Surv(M)	Std Dev
08/23/21	EC	Markit Eurozone Manufacturing PMI	M	Aug P	62.8	62.0	1.2
08/23/21	EC	Markit Eurozone Services PMI	M	Aug P	59.8	59.5	0.9
08/23/21	US	Markit US Manufacturing PMI	M	Aug P	63.4	62.0	1.3
08/23/21	US	Markit US Services PMI	M	Aug P	59.9	59.2	1.7
08/23/21	US	Existing Home Sales	M	Jul	5.86m	5.83m	0.1
08/27/21	US	Personal Income	M	Jul	0.1%	0.2%	0.5
08/27/21	US	Personal Spending	M	Jul	1.0%	0.4%	0.3
08/27/21	US	PCE Deflator YoY	M	Jul	4.0%	4.1%	0.7
08/31/21	US	Conf. Board Consumer Confidence	M	Aug	129.1	124.0	3.2
09/01/21	US	ISM Manufacturing	M	Aug	59.5	59.1	1.3
09/01/21	US	Wards Total Vehicle Sales	M	Aug	14.75m	14.80m	0.2
09/02/21	US	Trade Balance	M	Jul	-\$75.7b	-\$73.7b	2.4
09/03/21	US	Change in Nonfarm Payrolls	M	Aug	943k	750k	125.5
09/03/21	US	Unemployment Rate	M	Aug	5.4%	5.2%	0.1
09/03/21	US	ISM Services Index	M	Aug	64.1	62.5	1.9

Source: Bloomberg



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