

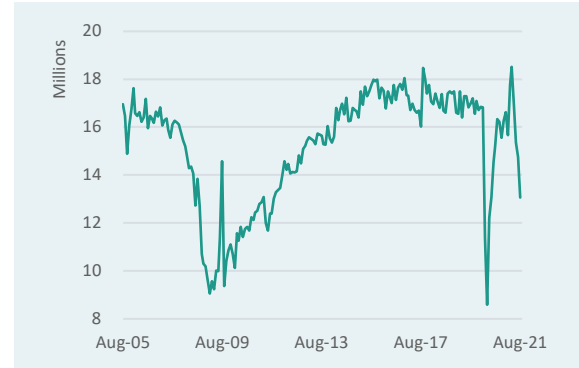
Capital Markets Snapshot

August 23rd to September 3rd, 2021

U.S. Economy

- Fed Chairman Powell's long-awaited speech at the Jackson Hole Economic Symposium ended up offering little new information, and largely reflected the July meeting minutes. The lack of clarity provided around the taper timeline was viewed as slightly dovish.
- Non-farm payrolls increased by only 235K in August (exp. +733K), as the spread of the delta variant weighed on the leisure and hospitality sector. The payrolls miss likely took a September taper off the table for the Fed, though a Q4 taper remains a possibility.
- Per WARD's Automotive Group, U.S. light vehicle sales fell from an annualized pace of 14.8 million to 13.1 million in August.

U.S. LIGHT VEHICLE SALES (ANNUALIZED)

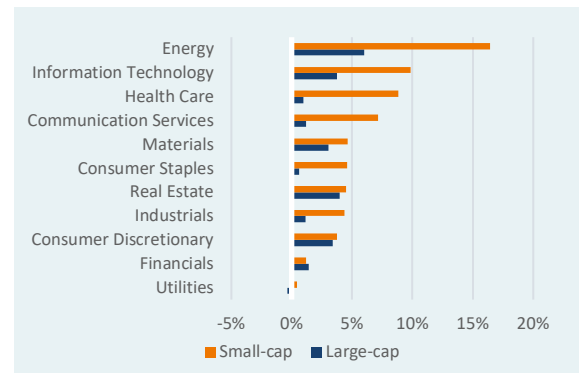


Source: WARD's Automotive Group, as of 8/31/21

U.S. Markets

- Small-cap stocks (Russell 2000 +5.8%) outperformed large-cap stocks (S&P 500 +2.2%), cutting their QTD underperformance to 6.5%. Small-cap energy stocks delivered a 16.4% return, supported by several companies reporting surging earnings estimates.
- The 10-year U.S. Treasury yield picked up from 1.26% to 1.32%, which some analysts viewed as a flow-through of the hawkish commentary offered by ECB officials over the period.
- High-yield credit option-adjusted spreads fell from 3.45% to 3.19%, reversing the gradual increases over the seven prior weeks. High-yield spreads in the energy sector fell from 4.61% to 3.95%.

SECTOR PERFORMANCE – LAST TWO WEEKS



Source: FTSE, Bloomberg, as of 9/3/21

International Economy

- Strong inflation data and hawkish comments from ECB officials led a selloff in European government bonds as market expectations for the date at which the ECB might taper asset purchases were pulled forward. Ten-year German bund yields hit a 7-week high.
- The Caixin China Services PMI plunged from 54.9 to 46.7 in August, due in part to delta variant-related restrictions. Per one hotel manager in Hunan province, rooms that were originally 300-400 yuan are now discounted to 200 and "still no one is coming".
- Canadian GDP unexpectedly contracted in Q2 2021 (+8.0% YoY) as a result of weaker exports, which shrunk 4% over the quarter.

EUROZONE 5Y5Y BREAKEVEN INFLATION RATE

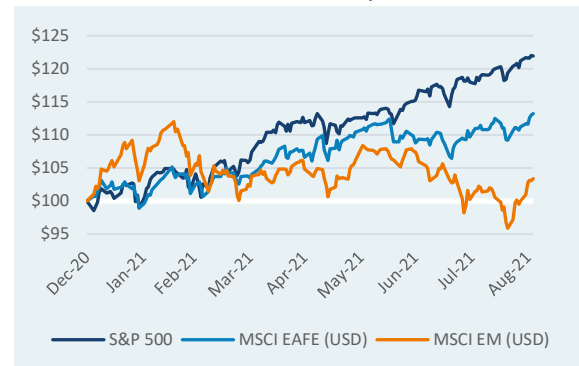


Source: Bloomberg, as of 9/3/21

International Markets

- Emerging market equities (MSCI EM +7.9%) rebounded broadly, with gains in China (+9.3%), Taiwan (+10.2%), India (+8.3%) and South Africa (+10.4%) all exceeding the benchmark. Exposure to EM currencies added 1.7% to returns for unhedged U.S. investors.
- The U.S. dollar weakened relative to developed (-1.6%) and emerging market (-2.5%) pairs, as Treasury yields picked up by less than most developed market government bond yields, and deceleration in global case growth improved risk sentiment.
- Commodities gained 6.5%, driven by natural gas futures (+21.1%) which surged on Hurricane-Ida-linked processing plant shutdowns.

YEAR-TO-DATE GROWTH OF \$100



Source: Standard & Poor's, MSCI, Bloomberg, as of 9/3/21



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Capital Markets Snapshot

MARKET PERFORMANCE

	Last Two Weeks 8/23/2021 - 9/3/2021		August		QTD		YTD	
	Return	Std Dev	Return	Std Dev	Return	Std Dev	Return	Std Dev
Equities								
S&P 500 TR USD	2.17	7.03	3.04	8.21	5.81	9.66	21.95	12.64
Russell 2000 TR USD	5.78	18.65	2.24	18.43	-0.65	19.70	16.77	22.55
MSCI ACWI NR USD	3.37	6.89	2.50	7.40	3.97	8.85	16.76	10.55
MSCI EAFE NR USD	3.69	7.70	1.76	10.16	4.06	10.91	13.24	11.73
MSCI EM NR USD	7.85	15.39	2.62	17.59	-3.75	17.88	3.42	16.39
Fixed Income								
Barclays US Treasury US TIPS TR USD	0.56	4.02	-0.18	3.70	2.38	3.51	4.15	4.54
Barclays US Treasury TR USD	-0.28	2.74	-0.17	3.28	1.08	3.86	-1.53	3.80
Barclays Long Term US Treasury TR USD	-1.34	8.52	-0.21	10.00	3.03	11.96	-5.13	12.37
Barclays US Agg Bond TR USD	-0.11	2.36	-0.19	2.85	0.86	3.19	-0.76	3.30
Barclays US Credit TR USD	-0.08	3.19	-0.24	3.93	0.97	4.15	-0.32	4.58
Barclays High Yield Corporate TR USD	1.11	0.96	0.51	1.53	1.09	1.86	4.74	1.78
JPM EMBI Global Diversified TR USD	0.98	1.38	0.98	1.98	1.57	1.85	0.90	3.74
Other								
Bloomberg Commodity TR USD	6.54	12.41	-0.30	15.60	2.73	15.73	24.46	14.88
Wilshire US REIT TR USD	4.07	10.22	1.91	9.99	9.27	13.22	34.17	15.02
MSCI Currency Factor Mix ER USD	0.76	1.82	0.01	2.86	-0.33	3.53	0.38	2.43

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
08/23/21	US	Existing Home Sales	M	Jul	5.83m	5.99m	2.4
08/27/21	US	Personal Income	M	Jul	0.3%	1.1%	1.5
08/27/21	US	Personal Spending	M	Jul	0.4%	0.3%	-0.2
08/27/21	US	PCE Core Deflator YoY	M	Jul	3.6%	3.6%	0.0
08/31/21	US	Conf. Board Consumer Confidence	M	Aug	123.0	113.8	-2.7
09/01/21	EC	Markit Eurozone Manufacturing PMI	M	Aug F	61.5	61.4	-0.5
09/01/21	US	Markit US Manufacturing PMI	M	Aug F	61.2	61.1	-0.8
09/01/21	US	ISM Manufacturing	M	Aug	58.5	59.9	1.6
09/01/21	US	Wards Total Vehicle Sales	M	Aug	14.45m	13.06m	-2.9
09/02/21	US	Trade Balance	M	Jul	-\$70.9b	-\$70.1b	0.3
09/03/21	EC	Markit Eurozone Services PMI	M	Aug F	59.7	59.0	-4.8
09/03/21	US	Markit US Services PMI	M	Aug F	55.2	55.1	-0.8
09/03/21	US	Change in Nonfarm Payrolls	M	Aug	733k	235k	-3.5
09/03/21	US	Unemployment Rate	M	Aug	5.2%	5.2%	0.0
09/03/21	US	ISM Services Index	M	Aug	61.6	61.7	0.1

ECONOMIC DATA - NEXT TWO WEEKS

Date	Country	Event	Freq	Period	Prior	Surv(M)	Std Dev
09/06/21	EC	Sentix Investor Confidence	M	Sep	22.2	19.7	2.5
09/07/21	EC	Household Cons QoQ	Q	2Q	-2.3%	3.0%	0.3
09/07/21	GE	ZEW Survey Expectations	M	Sep	40.4	30.3	5.8
09/07/21	JN	Eco Watchers Survey Outlook SA	M	Aug	48.4	46.2	2.3
09/07/21	FR	Trade Balance	M	Jul	-5819m	-6147m	563.7
09/08/21	CA	Bank of Canada Rate Decision	D	8-Sep	0.25%	0.25%	0.0
09/08/21	US	Consumer Credit	M	Jul	\$37.690b	\$25.000b	5.9
09/09/21	EC	ECB Deposit Facility Rate	D	9-Sep	-0.50%	-0.50%	0.0
09/10/21	US	PPI Ex Food and Energy YoY	M	Aug	6.2%	6.6%	0.2
09/14/21	US	NFIB Small Business Optimism	M	Aug	99.7	--	--
09/14/21	US	CPI YoY	M	Aug	5.4%	--	--
09/14/21	US	CPI Ex Food and Energy YoY	M	Aug	4.3%	--	--
09/15/21	US	Industrial Production MoM	M	Aug	0.9%	0.5%	0.3
09/16/21	US	Retail Sales Advance MoM	M	Aug	-1.1%	-0.7%	1.0
09/17/21	US	U. of Mich. Sentiment	M	Sep P	70.3	75.0	2.2

Source: Bloomberg



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