

# Capital Markets Snapshot

September 6<sup>th</sup> to September 17<sup>th</sup>, 2021

## U.S. Economy

- Headline and core CPI (YoY) for August came in lower than expected at +5.3% and +4.0%, respectively. Declines in airline fares, hotel rates, and used car and truck prices all contributed to the slower-than-expected growth in prices.
- Retail sales increased +0.7% from July (exp. -0.7%), while significant downward July revisions presented a more mixed print (from -1.1% to -1.8%). Auto sales continued to be a detractor - retail sales ex autos grew +1.8% over the month.
- The University of Michigan's Consumer Sentiment Index remained depressed in September after plunging in August.

## US RETAIL SALES (\$ MILLIONS)



Source: U.S. Census Bureau, as of 9/16/21

## U.S. Markets

- The S&P 500 and Russell 2000 indices both drew down during the period (-2.2% & -2.4%, respectively), as weaker-than-expected economic prints, virus concerns, and uncertainty around future Fed policy all presented headwinds for domestic equities.
- Long-term Treasuries outperformed all major asset classes during the period (+0.6%). Softer-than-expected inflation data in August pushed back expectations regarding the Fed's taper timeline, supporting a rally for longer-dated Treasury bonds.
- The Wilshire U.S. REIT Index fell -4.1% over the past two weeks, paring its impressive year-to-date rally (+28.7%).

## 30Y-5Y TREASURY YIELD SPREAD

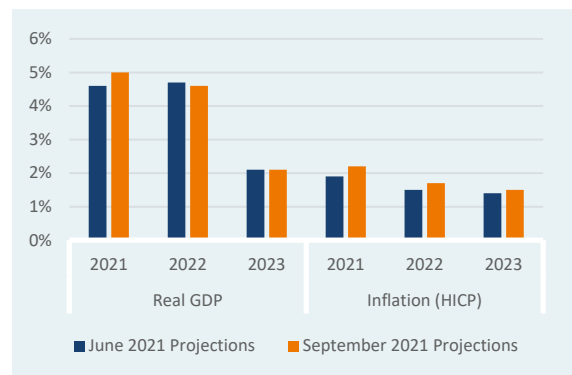


Source: Bloomberg, as of 9/16/21

## International Economy

- The ECB Governing Council decided to conduct pandemic bond purchases at a "moderately lower pace" in 4Q 2021 than the previous quarterly pace of €80B (\$95B). ECB President Lagarde emphasized this was a "recalibration", not a taper.
- Chinese retail sales grew +2.5% YoY in the month of August, substantially lower than the expected +7.0%. Virus-driven social distancing controls and property restrictions were cited as having a significant impact on consumer spending.
- U.K. retail sales declined for the fourth consecutive month, marking the longest stretch of monthly declines since 1996.

## ECB GDP & INFLATION FORECASTS (YOY %)

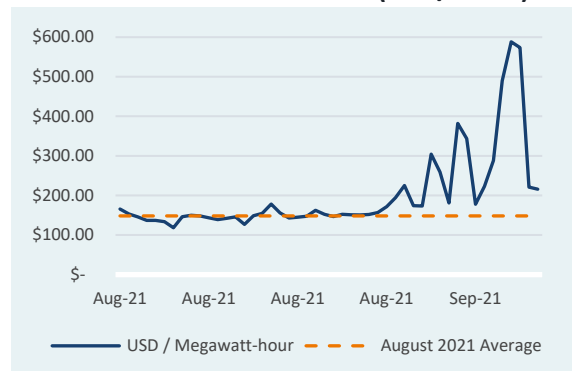


Source: ECB, as of 9/9/21

## International Markets

- In a down period for global equities, international developed equities fared better than U.S. large cap and EM equities, buoyed by a strong Japanese equity rally (Nikkei 225 +2.7%).
- The Bloomberg Natural Gas Sub-Index surged +8.1% as a halt at a major French-U.K. power interconnector, a global wind power shortage, and limited Russian and Norwegian supply contributed to a growing energy crisis in the United Kingdom.
- Chinese property development behemoth Evergrande failed to make debt interest payments, sparking questions over the firm's solvency and the health of the broader Chinese credit market.

## U.K. DAY-AHEAD ELECTRICITY (USD/MWH)



Source: N2EX, Bloomberg, as of 9/17/21



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## MARKET PERFORMANCE

### Equities

	Last Two Weeks 9/6/2021 - 9/17/2021		September		QTD		YTD	
	Return	Std Dev	Return	Std Dev	Return	Std Dev	Return	Std Dev
S&P 500 TR USD	-2.21	8.52	-1.91	7.78	3.48	9.66	19.26	12.52
Russell 2000 TR USD	-2.36	13.23	-1.57	12.79	-3.00	18.76	14.01	22.19
MSCI ACWI NR USD	-2.16	4.62	-1.44	5.33	1.72	8.50	14.23	10.39
MSCI EAFE NR USD	-1.68	7.66	-0.22	8.54	2.31	10.51	11.34	11.58
MSCI EM NR USD	-2.66	10.82	-2.11	9.95	-6.31	16.89	0.67	16.17

### Fixed Income

Barclays US Treasury US TIPS TR USD	0.08	4.56	-0.02	4.01	2.46	3.66	4.24	4.53
Barclays US Treasury TR USD	-0.06	3.81	-0.17	3.45	1.02	3.82	-1.59	3.79
Barclays Long Term US Treasury TR USD	0.55	12.21	0.16	11.37	3.59	11.88	-4.61	12.33
Barclays US Agg Bond TR USD	-0.01	3.26	-0.07	2.94	0.85	3.17	-0.77	3.29
Barclays US Credit TR USD	0.15	4.63	0.06	4.23	1.12	4.19	-0.18	4.57
Barclays High Yield Corporate TR USD	0.25	0.61	0.44	0.63	1.34	1.71	5.01	1.74
JPM EMBI Global Diversified TR USD	-0.17	1.50	0.00	1.50	1.40	1.82	0.73	3.66

### Other

Bloomberg Commodity TR USD	0.44	16.49	1.63	14.41	3.19	15.70	25.01	14.92
Wilshire US REIT TR USD	-4.10	15.67	-2.16	16.69	4.79	14.04	28.66	15.17
MSCI Currency Factor Mix ER USD	0.05	1.65	0.31	1.69	-0.28	3.28	0.43	2.40

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
09/06/21	EC	Sentix Investor Confidence	M	Sep	19.7	19.6	0.0
09/07/21	EC	Household Cons QoQ	Q	2Q	3.0%	3.7%	2.5
09/07/21	GE	ZEW Survey Expectations	M	Sep	30.3	26.5	-0.6
09/08/21	JN	Eco Watchers Survey Outlook SA	M	Aug	46.2	43.7	-1.1
09/08/21	FR	Trade Balance	M	Jul	-6147m	-6957m	-1.4
09/08/21	CA	Bank of Canada Rate Decision	D	8-Sep	0.25%	0.25%	--
09/08/21	US	Consumer Credit	M	Jul	\$25.000b	\$17.004b	-1.5
09/09/21	EC	ECB Deposit Facility Rate	D	9-Sep	-0.50%	-0.50%	--
09/10/21	US	PPI Ex Food and Energy YoY	M	Aug	6.6%	6.7%	0.7
09/14/21	US	NFIB Small Business Optimism	M	Aug	99.0	100.1	1.3
09/14/21	US	CPI YoY	M	Aug	5.3%	5.3%	0.0
09/14/21	US	CPI Ex Food and Energy YoY	M	Aug	4.2%	4.0%	-2.1
09/15/21	US	Industrial Production MoM	M	Aug	0.5%	0.4%	-0.4
09/16/21	US	Retail Sales Advance MoM	M	Aug	-0.7%	0.7%	2.4
09/17/21	US	U. of Mich. Sentiment	M	Sep P	72.0	71.0	-0.6

## ECONOMIC DATA - NEXT TWO WEEKS

Date	Country	Event	Freq	Period	Prior	Surv(M)	Std Dev
09/21/21	US	Housing Starts	M	Aug	1534k	1550k	32.4
09/22/21	US	Existing Home Sales	M	Aug	5.99m	5.87m	0.1
09/22/21	US	FOMC Rate Decision (Upper Bound)	D	22-Sep	0.25%	0.25%	0.0
09/23/21	UK	Bank of England Bank Rate	D	23-Sep	0.10%	0.10%	0.0
09/23/21	JN	Natl CPI YoY	M	Aug	-0.3%	-0.3%	0.1
09/24/21	US	New Home Sales	M	Aug	708k	709k	19.5
09/27/21	US	Durable Goods Orders	M	Aug P	-0.1%	0.5%	1.0
09/28/21	US	Advance Goods Trade Balance	M	Aug	-\$86.4b	-\$85.0b	1.2
09/28/21	US	Conf. Board Consumer Confidence	M	Sep	113.8	115.0	1.5
10/01/21	US	Personal Income	M	Aug	1.1%	-0.1%	0.5
10/01/21	US	Personal Spending	M	Aug	0.3%	0.7%	0.2
10/01/21	US	U. of Mich. Sentiment	M	Sep F	71.0	--	--
10/01/21	US	ISM Manufacturing	M	Sep	59.9	59.4	2.2
10/01/21	RU	Cargo Shipments YoY	M	Aug	9.1%	6.9%	2.2
10/01/21	US	Wards Total Vehicle Sales	M	Sep	13.06m	13.20m	0.4

Source: Bloomberg



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