

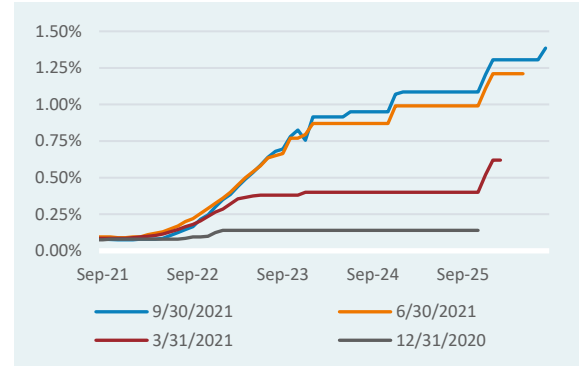
Capital Markets Snapshot

September 20th to October 1st, 2021

U.S. Economy

- Fed officials stated that “if progress continues broadly as expected...a moderation in the pace of asset purchases may soon be warranted.” Assuming no major economic setbacks, analysts expect the Fed to begin tapering asset purchases in November.
- The ISM Manufacturing PMI advanced to 61.1 in September, though the advance was driven by an increase in the supplier delivery times, indicating worsening supply chain disruptions.
- The S&P CoreLogic Case-Shiller 20-City Home Price Index grew 20.0% YoY in July, the largest gain on records dating back to 2000. The proportion of sales to first time buyers fell to a 31-month low.

IMPLIED FED FUNDS RATE

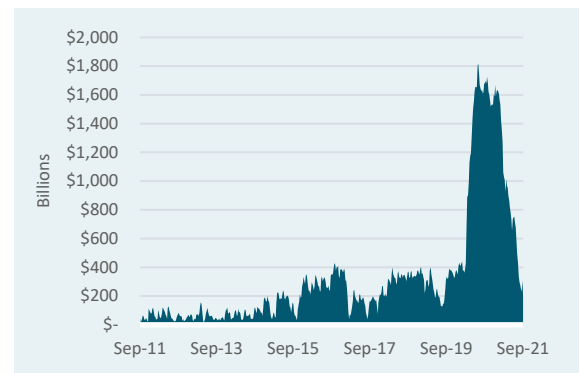


Source: Bloomberg, as of 10/1/21

U.S. Markets

- Long-duration U.S. Treasuries (-2.3%) underperformed as yields rose and the curve steepened. Some analysts viewed the sell-off as a reaction to the Fed’s statement in September, which signaled that tapering of asset purchases may be around the corner.
- Large-cap equities declined (Russell 1000 -1.7%) as gains in the Energy sector (+9.9%) were unable to offset losses in nine of the ten other major sectors, most notably IT (-3.4%).
- The TGA, the Treasury’s account at the NY Fed, has now been drawn back to pre-Covid levels, which may limit the Fed’s ability to buy new securities unless the debt ceiling is lifted.

TREASURY GENERAL ACCOUNT BALANCE

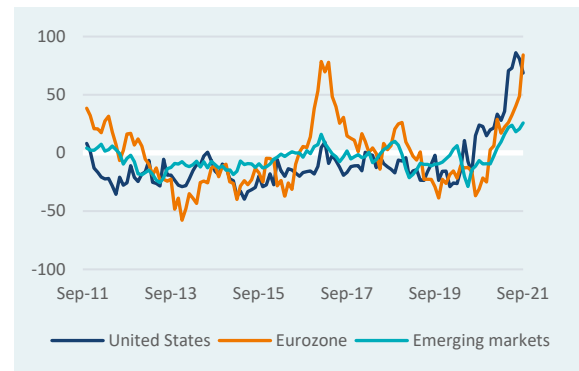


Source: Federal Reserve, Bloomberg, as of 9/29/21

International Economy

- Global natural gas prices have surged for a number of reasons, including Europe’s transition toward cleaner energy sources, low wind supply, aging nuclear plants, and lower Russian exports. These price increases have forced many factories to shut down, which could result in price increases elsewhere down the road.
- Global inflation has been higher than expected for most of the year. While the August CPI reading in the U.S. showed some signs of cooling, inflation appears to be heating up in Europe.
- The futures-implied probability that the Bank of England will begin hiking interest rates by February 2022 rose from 47% to 93%.

INFLATION SURPRISE

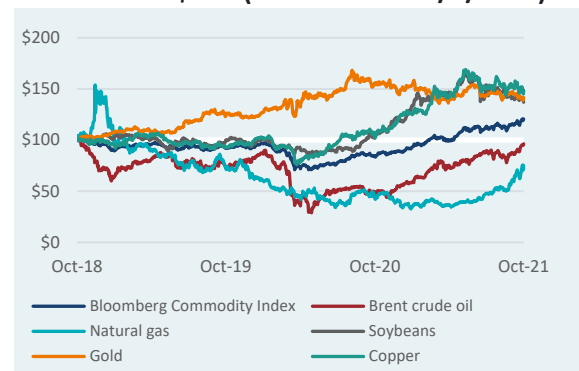


Source: Citi, Bloomberg, as of 9/30/21

International Markets

- The Bloomberg Commodity Index returned another 3.5%, bringing its year-to-date return to 29.3%. The major story remained the global gas shortage, which boosted returns in the energy sector (+7.3%) broadly, and natural gas (+9.2%) specifically.
- The U.S. dollar appreciated broadly as risk sentiment remained shaky. The Bloomberg Dollar Spot Index advanced 0.8%.
- In a down period for global equities (-2.3%), international developed equities (-3.4%) underperformed emerging market (-2.4%) and U.S. (-1.7%) equities. Dollar strength presented currency headwinds for U.S. investors in international stocks.

GROWTH OF \$100 (INDEXED TO 10/1/2018)



Source: Bloomberg, as of 10/1/21



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Capital Markets Snapshot

MARKET PERFORMANCE

	Last Two Weeks 9/20/2021 - 10/1/2021		September		Q3 2021		YTD	
	Return	Std Dev	Return	Std Dev	Return	Std Dev	Return	Std Dev
Equities								
S&P 500 TR USD	-1.68	18.32	-4.65	12.71	0.58	11.16	17.26	12.86
Russell 2000 TR USD	0.27	25.22	-2.95	18.38	-4.36	19.51	14.31	22.28
MSCI ACWI NR USD	-2.32	14.73	-4.13	10.47	-1.05	9.72	11.58	10.67
MSCI EAFE NR USD	-3.43	12.48	-2.90	10.63	-0.45	10.95	7.52	11.69
MSCI EM NR USD	-2.41	11.06	-3.97	10.42	-8.09	16.19	-1.76	15.94
Fixed Income								
Barclays US Treasury US TIPS TR USD	-0.34	3.49	-0.71	3.55	1.75	3.61	3.88	4.47
Barclays US Treasury TR USD	-0.64	5.08	-1.08	4.12	0.09	4.01	-2.22	3.86
Barclays Long Term US Treasury TR USD	-2.32	16.11	-2.86	13.53	0.47	12.61	-6.83	12.53
Barclays US Agg Bond TR USD	-0.52	4.22	-0.87	3.42	0.05	3.32	-1.28	3.33
Barclays US Credit TR USD	-0.77	5.58	-1.07	4.72	-0.03	4.39	-0.94	4.62
Barclays High Yield Corporate TR USD	-0.45	2.31	-0.01	1.75	0.89	1.86	4.54	1.79
JPM EMBI Global Diversified TR USD	-2.16	3.88	-2.07	3.36	-0.70	2.64	-1.45	3.74
Other								
Bloomberg Commodity TR USD	3.47	18.12	4.98	16.28	6.59	16.15	29.34	15.07
Wilshire US REIT TR USD	-1.62	16.05	-5.11	15.33	1.64	14.14	26.59	15.21
MSCI Currency Factor Mix ER USD	-0.12	4.22	0.17	3.11	-0.43	3.43	0.31	2.51

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
09/21/21	US	Housing Starts	M	Aug	1550k	1615k	1.9
09/22/21	US	Existing Home Sales	M	Aug	5.89m	5.88m	-0.1
09/22/21	US	FOMC Rate Decision (Upper Bound)	D	22-Sep	0.25%	0.25%	--
09/23/21	UK	Bank of England Bank Rate	D	23-Sep	0.10%	0.10%	--
09/23/21	JN	Natl CPI YoY	M	Aug	-0.3%	-0.4%	-0.7
09/24/21	US	New Home Sales	M	Aug	715k	740k	1.2
09/27/21	US	Durable Goods Orders	M	Aug P	0.7%	1.8%	1.5
09/28/21	US	Advance Goods Trade Balance	M	Aug	-\$87.3b	-\$87.6b	-0.1
09/28/21	US	Conf. Board Consumer Confidence	M	Sep	115.0	109.3	-2.9
10/01/21	US	Personal Income	M	Aug	0.2%	0.2%	0.0
10/01/21	US	Personal Spending	M	Aug	0.7%	0.8%	0.5
10/01/21	US	U. of Mich. Sentiment	M	Sep F	71.0	72.8	3.5
10/01/21	US	ISM Manufacturing	M	Sep	59.5	61.1	1.9
10/01/21	RU	Cargo Shipments YoY	M	Aug	6.9%	5.9%	-0.5
10/01/21	US	Wards Total Vehicle Sales	M	Sep	13.00m	12.18m	-1.7

ECONOMIC DATA - NEXT TWO WEEKS

Date	Country	Event	Freq	Period	Prior	Surv(M)	Std Dev
10/04/21	EC	Sentix Investor Confidence	M	Oct	19.6	18.6	1.6
10/05/21	EC	PPI YoY	M	Aug	12.1%	13.5%	0.2
10/05/21	US	Trade Balance	M	Aug	-\$70.1b	-\$70.6b	1.0
10/05/21	US	ISM Services Index	M	Sep	61.7	59.9	1.3
10/06/21	EC	Retail Sales YoY	M	Aug	3.1%	0.4%	1.0
10/07/21	UK	Unit Labor Costs YoY	Q	2Q	5.00%	--	--
10/07/21	US	Consumer Credit	M	Aug	\$17.004b	\$17.500b	2.8
10/07/21	CH	Caixin China PMI Services	M	Sep	46.7	49.2	1.6
10/08/21	US	Change in Nonfarm Payrolls	M	Sep	235k	470k	111.4
10/08/21	US	Unemployment Rate	M	Sep	5.2%	5.1%	0.1
10/08/21	US	Average Hourly Earnings YoY	M	Sep	4.3%	4.6%	0.2
10/12/21	US	NFIB Small Business Optimism	M	Sep	100.1	--	--
10/12/21-CH	CH	1-Yr Medium-Term Lending Facility Rate	D	15-Oct	2.95%	--	--
10/13/21	US	CPI YoY	M	Sep	5.3%	5.3%	0.1
10/13/21	US	CPI Ex Food and Energy YoY	M	Sep	4.0%	4.0%	0.1

Source: Bloomberg



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