

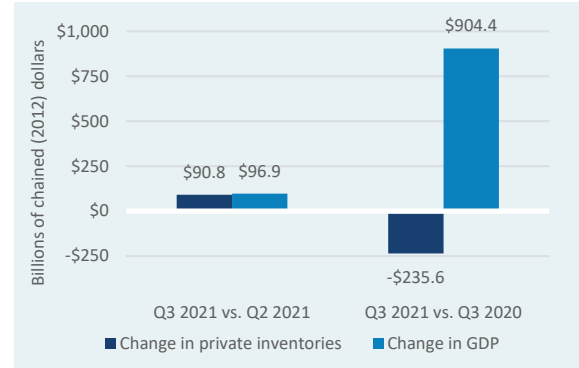
Capital Markets Snapshot

October 18th to October 29th, 2021

U.S. Economy

- U.S. GDP expanded at a quarterly annualized pace of just +2.0% in Q3 (+4.9% year-over-year), as the pace of consumption growth decelerated, and private domestic fixed investment shrunk. Build-ups of inventory accounted for nearly all of GDP growth in Q3.
- Finding qualified labor to fill open positions remained a key issue for businesses as early retirements, fewer people immigrating into the U.S., and health concerns continued to weigh on labor supply.
- An advance reading of the September goods trade balance showed the deficit expanded to a record \$96.3B, as imports remained steady while chip shortages limited automobile exports.

U.S. GDP GROWTH BREAKDOWN



Source: Bureau of Economic Analysis, as of 9/30/21

U.S. Markets

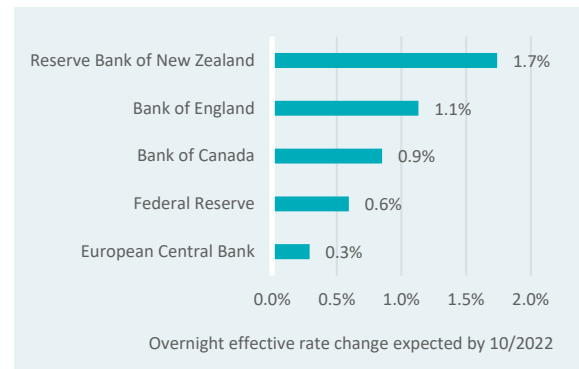
- The S&P 500 Index returned +3.0% over the period, bringing its return in October to +7.0%, the best since November 2020. Of that 7.0% monthly gain, 6.1% occurred after J.P. Morgan unofficially kicked off Q3 earnings season on October 13th.
- Strong earnings have underpinned the U.S. equity market recently. With 56% of companies having reported Q3 earnings, the blended earnings growth rate (YoY) of the S&P 500 is 36.6%, though that number looks higher due to weak earnings in Q3 2020.
- The implied fed funds futures rate in June 2022 rose from 0.19% to 0.28% as markets pulled forward expectations for rate hikes.

S&P 500 INDEX



Source: Standard & Poor's, as of 10/29/21

IMPLIED OVERNIGHT EFFECTIVE RATE CHANGE

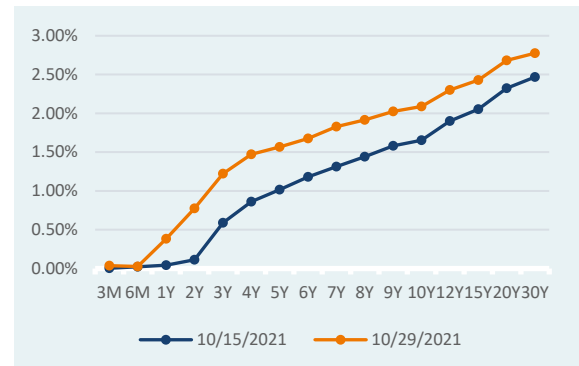


Source: Bloomberg, as of 10/29/21

International Economy

- Eurozone GDP grew +3.7% year-over-year in Q3, lagging U.S. growth over the same period (+4.9%). Economic growth was more robust in Italy (+3.8%) and a bit weaker in Germany (+2.5%).
- Many major central banks have begun marginally tightening policy. By the end of 2022, three rate hikes have been priced in for the European Central Bank's deposit rate, despite the ECB being viewed as one of the central banks furthest from tightening.
- Producer prices in Germany grew 14.2% year-over-year in September, as supply chain disruptions pushed up prices for sawn timber, metallic secondary raw materials, and packaging materials.

AUSTRALIAN SOVEREIGN YIELD CURVE



Source: Bloomberg, as of 10/29/21

International Markets

- Emerging market equities (MSCI EM -1.5%) underperformed the global opportunity set in dollar terms (MSCI ACWI +1.7%), due to weakness in India (-3.4%), South Africa (-5.0%) and Brazil (-12.4%).
- The Australian three-year sovereign bond yield surged from 0.58% to 1.20% after the Reserve Bank of Australia declined to buy the April 2024 bond in its regular market operation and defend its yield target of 0.10%.
- Local-currency denominated emerging market debt (JP Morgan GBI-EM GD Index) declined -1.7%, bringing YTD returns to -8.1% as bonds in Central and South America remained under pressure.



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Capital Markets Snapshot

MARKET PERFORMANCE

Last Two Weeks 10/18/2021 - 10/29/2021		October		QTD		YTD	
Return	Std Dev	Return	Std Dev	Return	Std Dev	Return	Std Dev
3.03	6.56	7.01	10.88	7.01	10.88	24.04	12.68
1.41	16.32	4.25	15.71	4.25	15.71	17.19	21.68
1.70	6.25	5.10	9.04	5.10	9.04	16.79	10.55
0.52	7.85	2.46	9.94	2.46	9.94	11.01	11.50
-1.45	9.84	0.99	13.04	0.99	13.04	-0.27	15.68

Equities

S&P 500 TR USD	3.03	6.56	7.01	10.88	7.01	10.88	24.04	12.68
Russell 2000 TR USD	1.41	16.32	4.25	15.71	4.25	15.71	17.19	21.68
MSCI ACWI NR USD	1.70	6.25	5.10	9.04	5.10	9.04	16.79	10.55
MSCI EAFE NR USD	0.52	7.85	2.46	9.94	2.46	9.94	11.01	11.50
MSCI EM NR USD	-1.45	9.84	0.99	13.04	0.99	13.04	-0.27	15.68

Fixed Income

Barclays US Treasury US TIPS TR USD	0.16	6.38	1.13	4.85	1.13	4.85	4.69	4.50
Barclays US Treasury TR USD	0.15	3.62	-0.07	3.57	-0.07	3.57	-2.56	3.82
Barclays Long Term US Treasury TR USD	1.40	13.52	1.86	12.64	1.86	12.64	-5.77	12.52
Barclays US Agg Bond TR USD	0.14	3.30	-0.03	3.23	-0.03	3.23	-1.58	3.31
Barclays US Credit TR USD	0.29	4.78	0.22	4.51	0.22	4.51	-1.09	4.59
Barclays High Yield Corporate TR USD	0.01	0.81	-0.17	1.69	-0.17	1.69	4.36	1.79
JPM EMBI Global Diversified TR USD	0.15	3.12	0.02	3.46	0.02	3.46	-1.34	3.72

Other

Bloomberg Commodity TR USD	-1.31	18.31	2.58	17.07	2.58	17.07	32.46	15.27
Wilshire US REIT TR USD	2.42	13.73	7.95	13.32	7.95	13.32	34.71	15.02
MSCI Currency Factor Mix ER USD	-0.37	2.23	0.46	2.36	0.46	2.36	0.75	2.50

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
10/18/21	US	NAHB Housing Market Index	M	Oct	75	80	4.0
10/19/21	US	Housing Starts	M	Sep	1615k	1555k	-2.6
10/19/21	UK	CPI YoY	M	Sep	3.2%	3.1%	-0.7
10/20/21	FR	Business Confidence	M	Oct	110	113	2.5
10/21/21	US	Initial Jobless Claims	W	16-Oct	297k	290k	-0.7
10/21/21	EC	Consumer Confidence	M	Oct A	-5.0	-4.8	0.3
10/21/21	JN	Natl CPI YoY	M	Sep	0.2%	0.2%	0.0
10/22/21	US	Markit US Manufacturing PMI	M	Oct P	60.5	58.4	-1.4
10/22/21	US	Markit US Services PMI	M	Oct P	55.2	58.2	5.6
10/26/21	US	New Home Sales	M	Sep	756k	800k	3.1
10/28/21	US	GDP Annualized QoQ	Q	3Q A	2.6%	2.0%	-0.6
10/29/21	GE	GDP SA QoQ	Q	3Q P	2.2%	1.8%	-0.9
10/29/21	EC	GDP SA YoY	Q	3Q A	3.5%	3.7%	0.5
10/29/21	US	Personal Income	M	Sep	-0.3%	-1.0%	-1.4
10/29/21	US	PCE Core Deflator YoY	M	Sep	3.7%	3.6%	-1.5

ECONOMIC DATA - NEXT TWO WEEKS

Date	Country	Event	Freq	Period	Prior	Surv(M)	Std Dev
11/01/21	US	ISM Manufacturing	M	Oct	61	61	0.8
11/01/21	US	ISM Prices Paid	M	Oct	81.2	82.0	1.4
11/03/21	US	ISM Services Index	M	Oct	61.9	62.0	0.7
11/04/21	EC	PPI YoY	M	Sep	13.4%	15.4%	0.9
11/04/21	UK	Bank of England Bank Rate	D	4-Nov	0.10%	0.10%	0.1
11/04/21	UK	BOE Gilt Purchase Target	M	Nov	875b	875b	11.2
11/04/21	US	Unit Labor Costs	Q	3Q P	1.3%	7.0%	1.3
11/04/21	US	Trade Balance	M	Sep	-\$73.3b	-\$80.2b	3.0
11/05/21	US	Change in Nonfarm Payrolls	M	Oct	194k	450k	101.6
11/05/21	US	Unemployment Rate	M	Oct	4.8%	4.7%	0.1
11/05/21	US	Average Hourly Earnings YoY	M	Oct	4.6%	4.9%	0.1
11/05/21	US	Consumer Credit	M	Sep	\$14.379b	\$16.000b	6.8
11/10/21	US	CPI YoY	M	Oct	5.4%	5.8%	0.1
11/10/21	US	CPI Ex Food and Energy YoY	M	Oct	4.0%	4.2%	0.1
11/12/21	US	U. of Mich. Sentiment	M	Nov P	71.7	72.0	0.0

Source: Bloomberg



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