

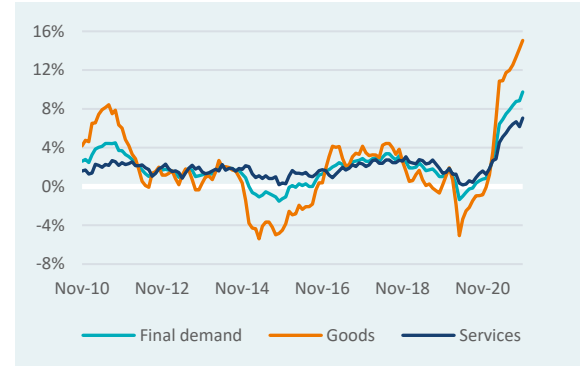
# Capital Markets Snapshot

December 13<sup>th</sup> to December 24<sup>th</sup>, 2021

## U.S. Economy

- Producer prices rose 9.6% year-over-year in November, marking the fastest pace of growth in 11 years. Rising prices for services drove the monthly advance, particularly prices for portfolio management, travel services, and car rentals.
- Retail sales growth (+18.3% YoY) missed estimates in November after beating estimates in the three prior months. While concerns remain about higher prices, most of the retail sales miss was attributed to Americans starting their holiday shopping early.
- Housing starts surged to an eight-month high as housing supply remained tight and building permit backlogs remained high.

## U.S. PRODUCER PRICE INDICES (YOY)

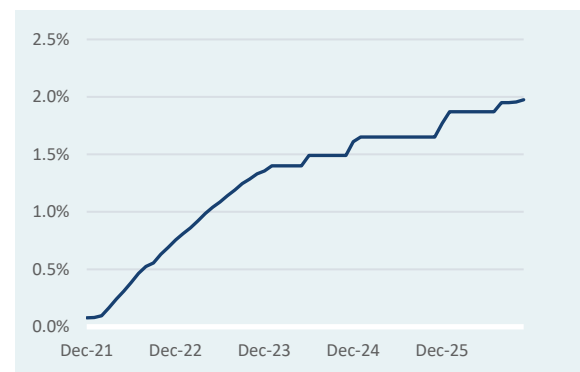


Source: Bureau of Labor Statistics, as of 11/30/21

## U.S. Markets

- The Federal Open Market Committee announced they would be doubling the pace of the asset purchase program taper to \$30B per month, with the aim of concluding the taper by March. The median official now expects three hikes by the end of next year.
- High-yield credit returned +0.6% as spreads compressed 20 bps to 2.83%. Higher-quality credits outperformed, and from a sector view, spreads narrowed most for REITs and the least for banks.
- Small-cap equities (+1.4%) made up some of the significant ground lost relative to large-cap equities (+0.3%) over the quarter-to-date. The S&P 500 Price Index closed a fresh all-time high of 4726.

## IMPLIED FED FUNDS FUTURES RATE



Source: Bloomberg, as of 12/23/21

## International Economy

- The omicron variant of Covid-19 supplanted delta as the dominant global strain, and government policy responses to the recent surge in cases have varied widely. Early studies have suggested booster shots will drastically improve protection from infection.
- The Bank of England unexpectedly increased its base interest rate from 0.10% to 0.25%, in the face of inflation (+5.1% YoY in November) running well above the BOE's target (2.0%).
- The People's Bank of China cut the one-year loan prime rate from 3.85% to 3.80%, in line with its new focus on growth, and setting up an interesting policy divergence with the Fed moving into 2022.

## CHINESE ONE-YEAR LOAN PRIME RATE

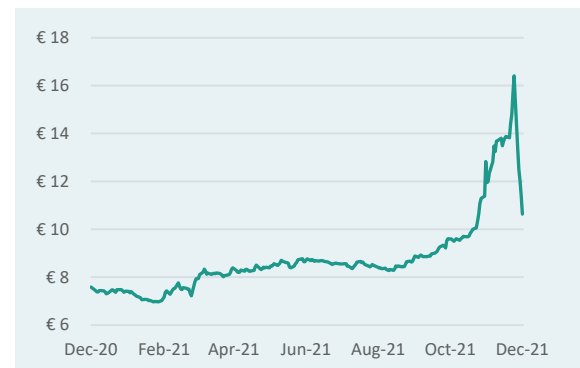


Source: Bloomberg, PBOC, as of 12/20/21

## International Markets

- International developed equities (MSCI EAFE +1.2%) outpaced U.S. (S&P 500 +0.3%) and emerging market (MSCI EM -1.4%) equities. Investors with unhedged exposure to the MSCI Europe Index received a 1.7% return and benefitted from a stronger euro.
- Hard-currency denominated emerging market debt (JPM EMBI GD -0.4%) lagged risky U.S. credit. The questions for EMD remain whether the asset class can withstand higher rates as a result of policy normalization, and whether spreads have room to fall.
- The freefall in the Turkish lira was stopped after the government announced a series of measures to support the currency.

## USD-TRY CROSS RATE



Source: Bloomberg, as of 12/23/21

Verus

*Past performance is no guarantee of future results. This document is provided for informational purposes only and is directed to institutional clients and eligible institutional counterparties only and is not intended for retail investors. The information provided is obtained from sources deemed reliable, but there is no representation or warranty as to its accuracy, completeness or reliability. Nothing herein constitutes investment, legal, accounting or tax advice, or a recommendation to buy, sell or hold a security or pursue a particular investment vehicle or any trading strategy. This document may include or imply estimates, outlooks, projections and other "forward-looking statements." No assurance can be given that future results described or implied by any forward looking information will be achieved. Investing entails risks, including possible loss of principal.*

# Capital Markets Snapshot

## MARKET PERFORMANCE

	Last Two Weeks 12/13/2021 - 12/24/2021		MTD		QTD		YTD	
	Return	Std Dev	Return	Std Dev	Return	Std Dev	Return	Std Dev
<b>Equities</b>								
S&P 500 TR USD	0.34	19.25	3.58	18.75	10.07	14.18	27.59	13.15
Russell 2000 TR USD	1.39	26.79	2.02	29.59	1.93	22.08	14.58	22.18
MSCI ACWI NR USD	0.39	16.54	3.15	15.43	5.81	11.84	17.57	10.95
MSCI EAFE NR USD	1.18	16.55	4.19	16.60	1.78	12.28	10.28	11.80
MSCI EM NR USD	-1.37	16.68	0.83	16.34	-2.32	13.11	-3.54	15.32
<b>Fixed Income</b>								
Bloomberg US Treasury US TIPS TR USD	0.20	3.63	-0.56	3.64	1.47	4.90	5.03	4.57
Bloomberg US Treasury TR USD	-0.04	3.87	-0.61	4.16	0.08	4.78	-2.42	4.08
Bloomberg Long Term US Treasury TR USD	-0.31	12.68	-1.79	13.08	2.69	14.61	-5.00	13.04
Bloomberg US Agg Bond TR USD	-0.02	3.21	-0.41	3.37	-0.14	4.07	-1.70	3.51
Bloomberg US Credit TR USD	-0.06	4.39	-0.37	4.71	-0.07	5.41	-1.37	4.80
Bloomberg High Yield Corporate TR USD	0.58	2.18	1.65	2.70	0.49	2.76	5.05	2.06
JPM EMBI Global Diversified TR USD	-0.39	2.36	1.12	3.22	-0.72	4.01	-2.07	3.81
<b>Other</b>								
Bloomberg Commodity TR USD	2.07	18.09	3.24	14.43	-1.83	16.90	26.76	15.56
Wilshire US REIT TR USD	1.95	15.48	5.46	19.43	13.52	16.64	41.66	15.52
MSCI Currency Factor Mix ER USD	0.10	4.43	0.31	3.84	-0.47	3.71	-0.19	2.84

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
12/14/21	US	NFIB Small Business Optimism	M	Nov	98.4	98.4	0.0
12/14/21	US	PPI Final Demand YoY	M	Nov	9.2%	9.6%	4.4
12/14/21	US	PPI Ex Food and Energy YoY	M	Nov	7.2%	7.7%	1.7
12/14/21	CH	Retail Sales YoY	M	Nov	4.7%	3.9%	-1.7
12/14/21	UK	CPI YoY	M	Nov	4.8%	5.1%	2.1
12/14/21	UK	CPI Core YoY	M	Nov	3.7%	4.0%	3.1
12/15/21	US	Retail Sales Advance MoM	M	Nov	0.8%	0.3%	-1.8
12/15/21	US	NAHB Housing Market Index	M	Dec	84	84	0.0
12/15/21	US	FOMC Rate Decision (Upper Bound)	D	15-Dec	0.25%	0.25%	--
12/16/21	EC	Markit Eurozone Manufacturing PMI	M	Dec P	57.8	58.0	0.5
12/16/21	EC	Markit Eurozone Services PMI	M	Dec P	54.3	53.3	-1.4
12/16/21	UK	Bank of England Bank Rate	D	16-Dec	0.10%	0.25%	2.6
12/16/21	US	Markit US Manufacturing PMI	M	Dec P	58.5	57.8	-1.0
12/16/21	US	Markit US Services PMI	M	Dec P	58.8	57.5	-1.2
12/22/21	US	Conf. Board Consumer Confidence	M	Dec	111.0	115.8	2.5

## ECONOMIC DATA - NEXT TWO WEEKS

Date	Country	Event	Freq	Period	Prior	Surv(M)	Std Dev
12/27/21	US	Dallas Fed Manf. Activity	M	Dec	11.8	13.0	2.0
12/28/21	US	S&P CoreLogic CS 20-City YoY NSA	M	Oct	19.1%	18.6%	0.2
12/29/21	US	Advance Goods Trade Balance	M	Nov	-\$82.9b	-\$89.0b	3.8
12/29/21	US	Retail Inventories MoM	M	Nov	0.1%	0.5%	0.3
12/30/21	CH	Non-manufacturing PMI	M	Dec	52.3	52.0	0.5
12/30/21	CH	Manufacturing PMI	M	Dec	50.1	50.0	0.2
01/03/22	FR	CPI YoY	M	Dec P	2.8%	2.9%	0.3
01/04/22	US	ISM Manufacturing	M	Dec	61.1	60.4	0.6
01/06/22	EC	PPI YoY	M	Nov	21.9%	22.8%	1.7
01/06/22	US	ISM Services Index	M	Dec	69.1	67.3	1.2
01/07/22	EC	Retail Sales YoY	M	Nov	1.4%	5.6%	1.5
01/07/22	EC	CPI Core YoY	M	Dec P	2.6%	2.5%	0.1
01/07/22	US	Change in Nonfarm Payrolls	M	Dec	210k	450k	109.5
01/07/22	US	Unemployment Rate	M	Dec	4.2%	4.1%	0.2
01/07/22	US	Average Hourly Earnings YoY	M	Dec	4.8%	4.2%	0.3

Source: Bloomberg



Past performance is no guarantee of future results. This document is provided for informational purposes only and is directed to institutional clients and eligible institutional counterparties only and is not intended for retail investors. The information provided is obtained from sources deemed reliable, but there is no representation or warranty as to its accuracy, completeness or reliability. Nothing herein constitutes investment, legal, accounting or tax advice, or a recommendation to buy, sell or hold a security or pursue a particular investment vehicle or any trading strategy. This document may include or imply estimates, outlooks, projections and other "forward-looking statements." No assurance can be given that future results described or implied by any forward looking information will be achieved. Investing entails risks, including possible loss of principal.