

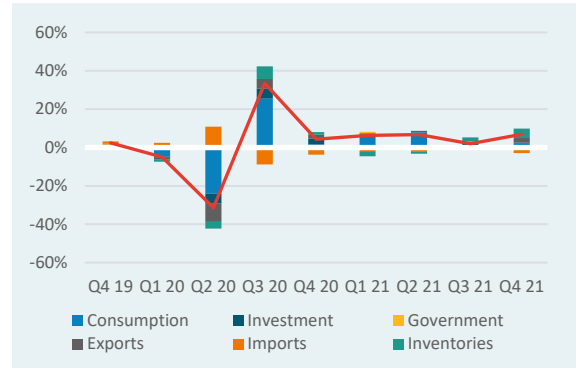
# Capital Markets Snapshot

January 24<sup>th</sup> to February 4<sup>th</sup>, 2022

## U.S. Economy

- The FOMC kept rates unchanged and held the pace of their asset purchase taper steady at the January Meeting. Fed officials indicated the possibility of a rate hike in March while also providing color on the plans around reducing the balance sheet.
- Real GDP advanced an annualized 6.9% (exp. 5.5%) from last quarter, driven by a 4.9% build in inventories. GDP rose 5.5% over the full year (4Q21 v. 4Q20), the largest gain since 1984.
- Nonfarm payrolls rose by 467k in January (exp. +125k). The previous two prints were revised up by a total of 709k, as omicron and seasonal adjustments highlighted forecasting challenges.

## U.S. REAL GDP GROWTH (QoQ SAAR)

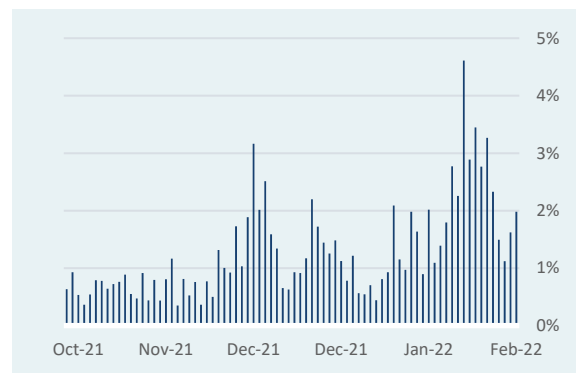


Source: BEA, as of 1/27/22

## U.S. Markets

- U.S. equities posted gains over the last two weeks, rebounding from the largest one-month loss in January since March 2020. U.S. large-caps outperformed small-caps (S&P 500 +2.4%, Russell 2000 +0.8%), due in part to generally-strong 4Q 2021 tech earnings.
- Treasury yields continued to rise across the curve, spurred by rising expectations for the Federal Reserve to raise interest rates earlier in response to inflation. Markets are now pricing in five 25 basis point hikes by the end of 2022, with the first hike in March.
- Meta recorded the largest one-day market value loss in history for a single company, losing -\$251B (-26.4%) after reporting earnings.

## S&P 500 DAILY TRADING RANGE (%)

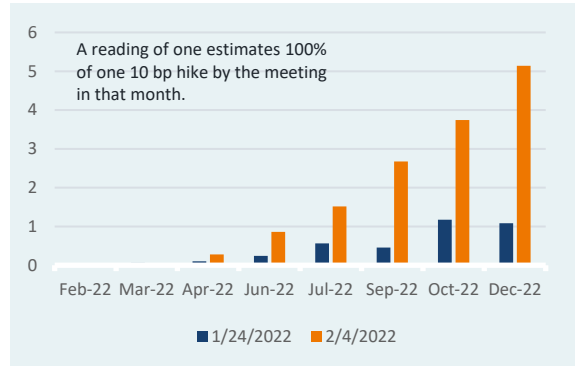


Source: Bloomberg, as of 2/4/22

## International Economy

- Eurozone headline inflation jumped 5.1% year-over year (expected 4.4%) in January, largely driven by rising energy costs.
- ECB President Lagarde cited concerns of higher inflation relative to the ECB's December outlook, opening the door for potential rate hikes in 2022. The pivot to a more hawkish stance moved the European Central Bank closer in line with global peers.
- The Bank of England's Monetary Policy Committee raised rates by 25 bps to 0.50% and announced plans to reduce the size of the balance sheet. The BOE has now hiked interest rates in back-to-back meetings – the last time that happened was 2004.

## EUROZONE MARKET IMPLIED RATE HIKES

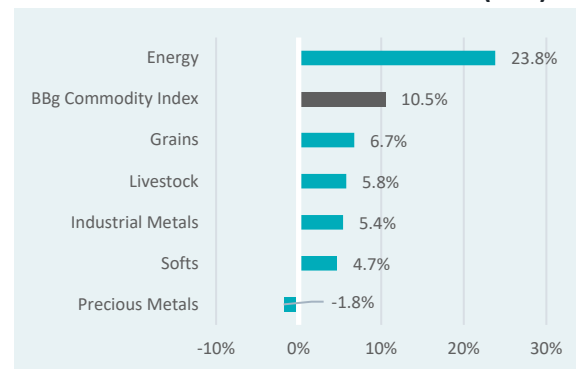


Source: Bloomberg, as of 2/4/22

## International Markets

- Strong earnings helped U.S. equities (S&P 500 +2.4%) outpace emerging market (MSCI EM -1.8%), and international developed (MSCI EAFE -1.6%) equities, which narrowed the year-to-date return gap between U.S. stocks and unhedged non-U.S. stocks.
- The Bloomberg Commodity Index gained +4.0% during the two weeks, largely due to strong energy sector returns (+11.4%). Brent crude oil pushed past and remained above the \$90/barrel mark.
- The Euro hits its lowest level in two years (1.1139 EUR / USD) before jumping ~+2.8% to end the two weeks. The ECB's hawkish reaction to high inflation drove the rally in the common currency.

## COMMODITY SECTOR PERFORMANCE (YTD)



Source: Bloomberg, as of 2/4/22



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# Capital Markets Snapshot

## MARKET PERFORMANCE

### Equities

	Last Two Weeks 1/24/2022 - 2/4/2022		January		QTD		YTD	
	Return	Std Dev	Return	Std Dev	Return	Std Dev	Return	Std Dev
S&P 500 TR USD	2.38	22.70	-5.17	18.72	-5.47	19.33	-5.47	19.33
Russell 2000 TR USD	0.75	30.67	-9.63	27.73	-10.78	26.45	-10.78	26.45
MSCI ACWI NR USD	0.86	18.50	-4.91	15.04	-4.72	15.51	-4.72	15.51
MSCI EAFE NR USD	-1.59	21.03	-4.83	18.10	-3.75	17.85	-3.75	17.85
MSCI EM NR USD	-1.84	16.29	-1.89	16.11	-0.84	15.09	-0.84	15.09

### Fixed Income

Bloomberg US Treasury US TIPS TR USD	-1.26	6.74	-2.02	6.60	-3.65	6.59	-3.65	6.59
Bloomberg US Treasury TR USD	-1.25	4.90	-1.89	5.47	-2.78	5.39	-2.78	5.39
Bloomberg Long Term US Treasury TR USD	-2.82	13.68	-4.14	16.05	-6.13	15.32	-6.13	15.32
Bloomberg US Agg Bond TR USD	-1.30	4.57	-2.15	4.92	-3.05	4.95	-3.05	4.95
Bloomberg US Credit TR USD	-1.96	5.44	-3.21	5.79	-4.30	5.98	-4.30	5.98
Bloomberg High Yield Corporate TR USD	-1.58	5.52	-2.73	3.43	-3.10	4.21	-3.10	4.21
JPM EMBI Global Diversified TR USD	-0.57	4.91	-2.85	5.87	-3.14	5.91	-3.14	5.91

### Other

Bloomberg Commodity TR USD	4.01	12.76	8.78	12.94	10.51	13.08	10.51	13.08
Wilshire US REIT TR USD	-0.73	23.70	-6.93	17.38	-8.10	17.42	-8.10	17.42
MSCI Currency Factor Mix ER USD	0.07	2.54	0.85	2.49	0.50	2.43	0.50	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
01/24/22	EC	Markit Eurozone Services PMI	M	Jan P	52.0	51.1	-1.2
01/24/22	US	Markit US Services PMI	M	Jan P	55.4	51.2	-3.6
01/25/22	GE	IFO Expectations	M	Jan	93.0	95.2	2.2
01/25/22	US	Conf. Board Consumer Confidence	M	Jan	111.2	113.8	1.5
01/27/22	US	GDP Annualized QoQ	Q	4Q A	5.5%	6.9%	1.6
01/28/22	US	Personal Income	M	Dec	0.5%	0.3%	-1.3
01/28/22	US	Personal Spending	M	Dec	-0.6%	-0.6%	0.0
01/28/22	US	PCE Core Deflator YoY	M	Dec	4.8%	4.9%	1.9
02/01/22	US	ISM Manufacturing	M	Jan	57.5	57.6	0.1
02/03/22	EC	PPI YoY	M	Dec	26.1%	26.2%	0.1
02/03/22	US	Unit Labor Costs	Q	4Q P	1.0%	0.3%	-0.5
02/03/22	US	ISM Services Index	M	Jan	59.5	59.9	0.2
02/04/22	US	Change in Nonfarm Payrolls	M	Jan	125k	467k	2.1
02/04/22	US	Unemployment Rate	M	Jan	3.9%	4.0%	1.1
02/04/22	US	Average Hourly Earnings YoY	M	Jan	5.2%	5.7%	4.4

## ECONOMIC DATA - NEXT TWO WEEKS

Date	Country	Event	Freq	Period	Prior	Surv(M)	Std Dev
02/07/22	US	Consumer Credit	M	Dec	\$39.991b	\$25.000b	6.9
02/08/22	JN	Eco Watchers Survey Outlook SA	M	Jan	49.4	45.8	3.1
02/08/22	US	NFIB Small Business Optimism	M	Jan	98.9	97.5	0.5
02/08/22	US	Trade Balance	M	Dec	-\$80.2b	-\$83.0b	1.4
02/10/22	US	CPI YoY	M	Jan	7.0%	7.3%	0.1
02/10/22	US	CPI Ex Food and Energy YoY	M	Jan	5.5%	5.9%	0.1
02/11/22	UK	GDP YoY	Q	4Q P	6.8%	6.4%	0.2
02/11/22	US	U. of Mich. Sentiment	M	Feb P	67.2	67.5	1.7
02/12/22-	CH	1-Yr Medium-Term Lending Facility Rate	D	15-Feb	2.9%	2.8%	0.0
02/14/22	JN	GDP Annualized SA QoQ	Q	4Q P	-3.6%	5.9%	1.2
02/15/22	US	PPI Final Demand MoM	M	Jan	0.2%	0.4%	0.1
02/16/22	US	NAHB Housing Market Index	M	Feb	83.0	82.0	1.6
02/16/22	US	FOMC Meeting Minutes	D	26-Jan	--	--	--
02/17/22	US	Housing Starts	M	Jan	1702k	1690k	32.8
02/17/22	US	Philadelphia Fed Business Outlook	M	Feb	23.2	19.3	1.6

Source: Bloomberg



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