

Capital Markets Snapshot

October 4th to October 15th, 2021

U.S. Economy

- Headline CPI came in at +5.4% in September, matching the largest annual price gain since 2008. Food and shelter prices picked up, while used cars & trucks, apparel, and airfare prices cooled off.
- The September FOMC meeting minutes reflected broad agreement to gradually scale back the \$120B in monthly asset purchases in mid-November or December. Investors are looking towards the November 3rd meeting for a formal decision.
- The NFIB Small Business Optimism Index dropped one point from August to 99.1 (exp. 99.5). The percentage of owners reporting unfilled job openings (51%) has been at records for three months.

QUITS RATE (%)



Source: BLS, Bloomberg, as of 8/31/21

U.S. Markets

- Domestic large caps outperformed domestic small caps (+2.7% vs. +1.1%) as the S&P 500 bounced back after being down -1.7% in the previous session.
- Treasuries dropped -0.5% as investors considered inflation risks given pandemic-related supply chain disruptions, and potential asset purchase tapering by year-end. The ten-year yield hit 1.61% during the session, its highest level since June.
- Banks kicked off Q3 reporting season, broadly delivering strong earnings. Investors will watch for additional color on how supply chain disruptions and rising input costs have impacted earnings.

U.S. 10-YEAR TREASURY YIELD

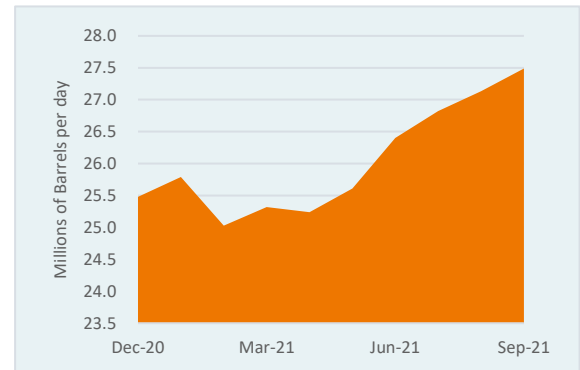


Source: Bloomberg, as of 10/15/21

International Economy

- OPEC+ ministers stuck to their plan to increase output by 400,000 barrels a day in November. Oil prices responded positively as the output increase missed analyst expectations.
- The IMF decreased their 2021 global growth projections to +5.9% (+6.0% in July) in their October outlook. Supply disruptions in advanced economies and worsening pandemic dynamics in developing economies drove the downward revision.
- Eurozone retail sales were unchanged YoY in August (exp. +0.4%). Retail sales growth has cooled recently after a reopening surge in the spring, which has investors concerned about the outlook.

OPEC CRUDE PRODUCTION (YEAR-TO-DATE)

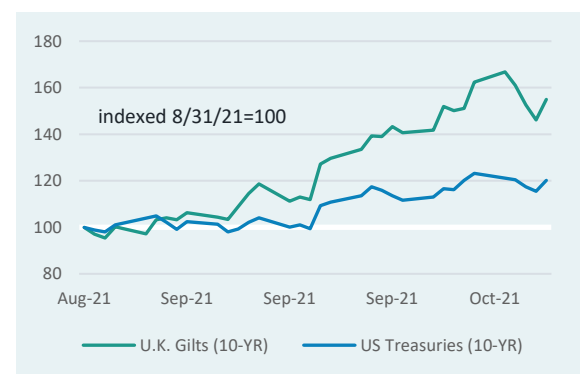


Source: Bloomberg News, as of 9/30/21

International Markets

- The Bloomberg Commodity Index continued its tear, and advanced +3.8%, extending year-to-date gains to +34.2%. The persistent energy shortage in Asia and Europe has pushed Brent crude oil prices (+7.2%) higher.
- U.K. Gilt yields rose as traders expect the BOE Monetary Policy Committee to hike interest rates before year-end. Ten-year Gilt yields rose 11 bps to 1.11%, their highest level since 2019.
- Global equities broadly advanced (+2.9%) and emerging markets led the way (+3.0%), while international developed (+2.7%) and U.S. equities trailed (+2.7%).

U.K. GILTS VS. U.S. TREASURY YIELDS



Source: Bloomberg, as of 10/15/21



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Capital Markets Snapshot

MARKET PERFORMANCE

Equities

	Last Two Weeks 10/4/2021 - 10/15/2021		MTD		QTD		YTD	
	Return	Std Dev	Return	Std Dev	Return	Std Dev	Return	Std Dev
S&P 500 TR USD	2.68	14.14	3.86	14.06	3.86	14.06	20.40	12.90
Russell 2000 TR USD	1.09	14.74	2.81	15.89	2.81	15.89	15.57	21.94
MSCI ACWI NR USD	2.92	11.83	3.34	11.23	3.34	11.23	14.83	10.73
MSCI EAFE NR USD	2.71	11.34	1.93	11.83	1.93	11.83	10.44	11.67
MSCI EM NR USD	3.00	15.63	2.47	15.33	2.47	15.33	1.19	15.92

Fixed Income

Barclays US Treasury US TIPS TR USD	0.62	2.94	0.97	3.13	0.97	3.13	4.52	4.41
Barclays US Treasury TR USD	-0.51	3.49	-0.22	3.68	-0.22	3.68	-2.71	3.84
Barclays Long Term US Treasury TR USD	-0.27	12.52	0.45	12.40	0.45	12.40	-7.08	12.49
Barclays US Agg Bond TR USD	-0.45	3.07	-0.17	3.30	-0.17	3.30	-1.72	3.32
Barclays US Credit TR USD	-0.44	4.24	-0.07	4.47	-0.07	4.47	-1.37	4.60
Barclays High Yield Corporate TR USD	-0.18	2.38	-0.18	2.26	-0.18	2.26	4.35	1.82
JPM EMBI Global Diversified TR USD	-0.04	4.08	-0.13	3.89	-0.13	3.89	-1.49	3.75

Other

Bloomberg Commodity TR USD	3.77	16.65	3.94	15.82	3.94	15.82	34.22	15.13
Wilshire US REIT TR USD	3.90	13.01	5.40	13.33	5.40	13.33	31.53	15.10
MSCI Currency Factor Mix ER USD	0.81	2.33	0.84	2.23	0.84	2.23	1.12	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
10/04/21	EC	Sentix Investor Confidence	M	Oct	18.6	16.9	-1.1
10/05/21	EC	PPI YoY	M	Aug	13.5%	13.4%	-0.5
10/05/21	US	Trade Balance	M	Aug	-\$70.8b	-\$73.3b	-2.4
10/05/21	US	ISM Services Index	M	Sep	59.9	61.9	1.8
10/06/21	EC	Retail Sales YoY	M	Aug	0.4%	0.0%	-0.4
10/07/21	UK	Unit Labor Costs YoY	Q	2Q	--	-3.8%	--
10/07/21	US	Consumer Credit	M	Aug	\$17.500b	\$14.379b	-0.6
10/07/21	CH	Caixin China PMI Services	M	Sep	49.2	53.4	2.6
10/08/21	US	Change in Nonfarm Payrolls	M	Sep	500k	194k	-2.6
10/08/21	US	Unemployment Rate	M	Sep	5.1%	4.8%	-3.4
10/08/21	US	Average Hourly Earnings YoY	M	Sep	4.6%	4.6%	0.0
10/12/21	US	NFIB Small Business Optimism	M	Sep	99.5	99.1	-0.4
10/13/21	US	CPI YoY	M	Sep	5.3%	5.4%	1.1
10/13/21	US	CPI Ex Food and Energy YoY	M	Sep	4.0%	4.0%	0.0
10/14/21	CH	1-Yr Medium-Term Lending Facility Rate	D	15-Oct	2.95%	2.95%	0.0

ECONOMIC DATA - NEXT TWO WEEKS

Date	Country	Event	Freq	Period	Prior	Surv(M)	Std Dev
10/18/21	US	NAHB Housing Market Index	M	Oct	76	75	1.3
10/19/21	US	Housing Starts	M	Sep	1615k	1613k	23.6
10/20/21	UK	CPI YoY	M	Sep	3.20%	3.20%	0.1
10/21/21	FR	Business Confidence	M	Oct	111	110	1.2
10/21/21	US	Initial Jobless Claims	W	16-Oct	293k	298k	9.5
10/21/21	EC	Consumer Confidence	M	Oct A	-4	-5	0.8
10/21/21	JN	Natl CPI YoY	M	Sep	-0.4%	0.2%	0.1
10/22/21	US	Markit US Manufacturing PMI	M	Oct P	60.7	60.3	0.6
10/22/21	US	Markit US Services PMI	M	Oct P	54.9	55.2	0.6
10/26/21	US	New Home Sales	M	Sep	740k	758k	10.9
10/28/21	US	GDP Annualized QoQ	Q	3Q A	6.7%	3.0%	0.8
10/29/21	GE	GDP SA QoQ	Q	3Q P	1.6%	--	--
10/29/21	EC	GDP SA YoY	Q	3Q A	14.3%	--	--
10/29/21	US	Personal Spending	M	Sep	0.8%	0.5%	0.1
10/29/21	US	PCE Core Deflator YoY	M	Sep	3.6%	3.7%	0.1

Source: Bloomberg



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