

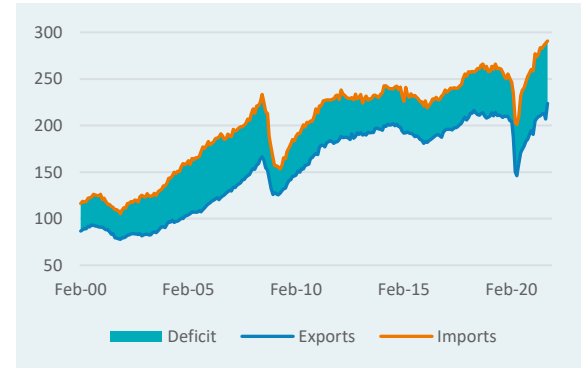
# Capital Markets Snapshot

November 29<sup>th</sup> to December 10<sup>th</sup>, 2021

## U.S. Economy

- Headline and core CPI rose +6.8% and +4.9% from last November, both meeting expectations. High inflation (largest headline print since 1982) has put pressure on the Federal Reserve to accelerate the tapering of their bond purchases over the coming months.
- November nonfarm payrolls growth (+210k) missed expectations (+550k), although a sharp drop in unemployment and pickup in labor force participation indicated labor market improvement.
- The trade deficit narrowed 17.1% in October, shrinking from \$81.4B to \$67.1B. This was the first time since July the deficit has fell, as the value of exports rose to the highest level on record.

## U.S. TRADE BALANCE SA (\$BILLIONS)



Source: U.S. Census Bureau, as of 12/7/21

## U.S. Markets

- U.S. markets were relatively volatile, as investors weighed the potential impacts of the Omicron variant, high inflation, and upcoming FOMC policy decisions. Volatility implied in Treasury options hit their highest levels since the start of the pandemic.
- The S&P 500 Index closed last Friday at an all-time high, following the index's largest one-week percentage gain since February 2021. Small-caps continued to drop, as the Russell 2000 Index fell -1.5%.
- The Wilshire U.S. REIT Index jumped +2.5%, hitting an all-time high while adding to an already impressive +39.0% year-to-date return. REIT's have been one of the top performing asset classes this year.

## ICE BOFA MOVE INDEX

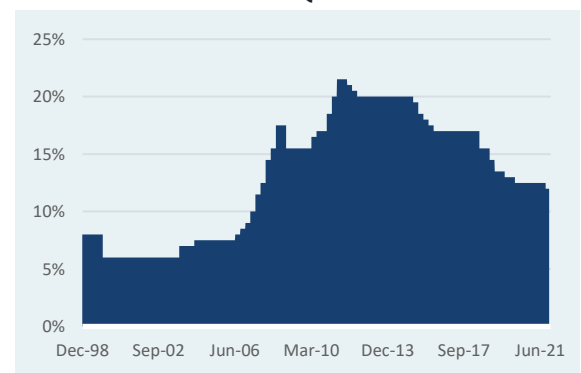


Source: Bloomberg, as of 12/10/21

## International Economy

- New studies on the Omicron variant have indicated the strain is more virulent than the delta variant, but its symptoms are milder. New restrictions reflect a cautious approach from policymakers.
- OPEC+ agreed to increase output by 400,000 barrels per day starting in January. A clause allowing short notice output changes was added to the agreement, muting the market reaction.
- The People's Bank of China cut their reserve requirement ratio to 11.5% from 12.0%, releasing an estimated 1.2 trillion yuan in liquidity for major banks. The reserve ratio cut displays a policy shift favoring growth and economic stability moving into 2022.

## PBOC MAJOR BANK REQUIRED RESERVE RATIO

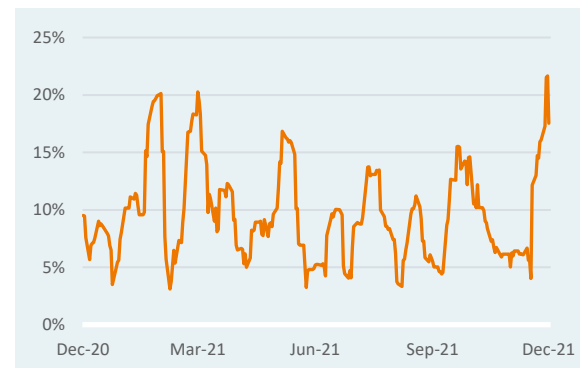


Source: Bloomberg, as of 12/6/21

## International Markets

- Equities across the globe bounced back following losses last period. U.S. equities outperformed (+2.6%), while international developed (+1.5%) and emerging markets (+1.3%) equities lagged.
- The Chinese yuan appreciated against the dollar to its strongest level since 2018, spurring the PBOC to implement a number of measures designed to prevent further appreciation in the yuan.
- Major Chinese property developers Evergrande and Kaisa officially defaulted on their debt. The two companies account for roughly 15% of outstanding dollar bonds sold by Chinese developers.

## MSCI ACWI 10-DAY VOLATILITY



Source: Bloomberg, as of 12/10/21



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# Capital Markets Snapshot

## MARKET PERFORMANCE

Last Two Weeks 11/29/2021 - 12/10/2021		MTD		QTD		YTD	
Return	Std Dev	Return	Std Dev	Return	Std Dev	Return	Std Dev
2.62	21.11	3.23	18.99	9.69	13.30	27.16	12.92
-1.46	31.90	0.62	34.35	0.53	21.43	13.00	22.05
1.78	16.34	2.75	14.75	5.39	11.00	17.11	10.74
1.47	17.29	2.98	17.53	0.60	11.55	8.99	11.63
1.34	15.10	2.23	16.21	-0.97	12.54	-2.20	15.29

### Equities

S&P 500 TR USD	2.62	21.11	3.23	18.99	9.69	13.30	27.16	12.92
Russell 2000 TR USD	-1.46	31.90	0.62	34.35	0.53	21.43	13.00	22.05
MSCI ACWI NR USD	1.78	16.34	2.75	14.75	5.39	11.00	17.11	10.74
MSCI EAFE NR USD	1.47	17.29	2.98	17.53	0.60	11.55	8.99	11.63
MSCI EM NR USD	1.34	15.10	2.23	16.21	-0.97	12.54	-2.20	15.29

### Fixed Income

Barclays US Treasury US TIPS TR USD	-0.89	3.55	-0.75	3.63	1.27	5.12	4.83	4.60
Barclays US Treasury TR USD	-0.35	4.80	-0.57	4.67	0.12	4.96	-2.38	4.10
Barclays Long Term US Treasury TR USD	-0.78	15.57	-1.48	14.27	3.01	15.03	-4.71	13.08
Barclays US Agg Bond TR USD	-0.20	3.73	-0.39	3.73	-0.12	4.23	-1.67	3.53
Barclays US Credit TR USD	-0.07	5.27	-0.31	5.34	-0.01	5.61	-1.31	4.83
Barclays High Yield Corporate TR USD	1.29	3.31	1.06	3.23	-0.09	2.84	4.44	2.06
JPM EMBI Global Diversified TR USD	1.61	2.91	1.51	3.02	-0.33	4.25	-1.69	3.85

### Other

Bloomberg Commodity TR USD	-3.20	18.81	1.15	10.06	-3.82	16.76	24.19	15.49
Wilshire US REIT TR USD	2.49	24.82	3.44	24.12	11.35	16.99	38.95	15.55
MSCI Currency Factor Mix ER USD	0.13	3.06	0.21	3.35	-0.57	3.62	-0.29	2.78

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
11/30/21	EC	CPI Core YoY	M	Nov P	2.3%	2.6%	2.0
11/30/21	EC	CPI Estimate YoY	M	Nov	4.5%	4.9%	2.7
11/30/21	US	S&P CoreLogic CS 20-City YoY NSA	M	Sep	19.3%	19.1%	-0.9
11/30/21	US	Conf. Board Consumer Confidence	M	Nov	110.9	109.5	-0.6
12/01/21	US	ISM Manufacturing	M	Nov	61.2	61.1	-0.2
12/03/21	EC	Retail Sales YoY	M	Oct	1.4%	1.4%	0.0
12/03/21	US	Change in Nonfarm Payrolls	M	Nov	550k	210k	-4.7
12/03/21	US	Unemployment Rate	M	Nov	4.5%	4.2%	-4.5
12/03/21	US	Average Hourly Earnings YoY	M	Nov	5.0%	4.8%	-3.2
12/03/21	US	ISM Services Index	M	Nov	65.0	69.1	3.6
12/07/21	US	Unit Labor Costs	Q	3Q F	8.3%	9.6%	2.0
12/07/21	US	Trade Balance	M	Oct	-\$66.8b	-\$67.1b	-0.3
12/07/21	US	Consumer Credit	M	Oct	\$25.000b	\$16.897b	-1.5
12/10/21	US	CPI YoY	M	Nov	6.8%	6.8%	0.0
12/10/21	US	CPI Ex Food and Energy YoY	M	Nov	4.9%	4.9%	0.0

## ECONOMIC DATA - NEXT TWO WEEKS

Date	Country	Event	Freq	Period	Prior	Surv(M)	Std Dev
12/14/21	US	NFIB Small Business Optimism	M	Nov	98.2	98.4	0.6
12/14/21	US	PPI Final Demand YoY	M	Nov	8.6%	9.2%	0.1
12/14/21	US	PPI Ex Food and Energy YoY	M	Nov	6.8%	7.2%	0.4
12/14/21	CH	Retail Sales YoY	M	Nov	4.9%	4.8%	0.5
12/15/21	UK	CPI YoY	M	Nov	4.2%	4.8%	0.2
12/15/21	UK	CPI Core YoY	M	Nov	3.4%	3.7%	0.1
12/15/21	US	Retail Sales Advance MoM	M	Nov	1.7%	0.8%	0.3
12/15/21	US	NAHB Housing Market Index	M	Dec	83	84	1.0
12/15/21	US	FOMC Rate Decision (Upper Bound)	D	15-Dec	0.25%	0.25%	0.0
12/16/21	EC	Markit Eurozone Manufacturing PMI	M	Dec P	58.4	57.9	0.5
12/16/21	EC	Markit Eurozone Services PMI	M	Dec P	55.9	54.3	0.7
12/16/21	UK	Bank of England Bank Rate	D	16-Dec	0.10%	0.10%	0.1
12/16/21	US	Markit US Manufacturing PMI	M	Dec P	58.3	58.5	0.6
12/16/21	US	Markit US Services PMI	M	Dec P	58.0	58.7	1.2
12/22/21	US	Conf. Board Consumer Confidence	M	Dec	109.5	110.2	1.8

Source: Bloomberg



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