



6-7-21

WEEKLY UPDATE

Economic and Market Performance

MARKET INDEX	CLOSE 6-4-21	WEEK GAIN/LOSS	Y-T-D GAIN/LOSS
DJIA	34,756,.39	+0.7%	+13.6%
S&P 500	4,229.89	+0.6%	+12.6%
NASDAQ	13,814.49	+0.5%	+7.2%

New jobless claims fell for a fifth consecutive week to reach a new 14-month low of 385,000 as fewer Americans become unemployed during the recovery out of the COVID-19 pandemic. Continuing claims for the week ended May 22 were 3.771 million.

The May employment report which saw nonfarm payrolls increase by 559,000 was not as good as expected in terms of payroll growth, but it was better than what was seen in April. The unemployment rate dropped to 5.8%. Leisure and hospitality jobs (+292,000) were once again the main driver of the job gains. There is still ample room for improvement which will enable the Federal Reserve to remain patient with interest rate increases given its stated objective to get employment back to maximum employment in a broad-based and inclusive fashion.

Strong demand in May drove the ISM Manufacturing Index up to 61.2%. May marked the twelfth straight month of expansion with companies and suppliers continuing to struggle to meet increasing levels of demand. This suggests inflation pressure will persist.

The ISM Non-Manufacturing Index for May increased to 64.0% from 62.7% in April, which also marks the twelfth straight month of growth for the services sector and is a record high for this series. The service sector is running at a record pace that has also been accompanied by higher prices.

Total construction spending increased 0.2% led by the ongoing strength in private residential construction spending, which is a byproduct of strong demand driven by a scarce supply of existing homes for sale.

Factory orders for manufactured goods decreased 0.6% in April. Shipments of manufactured goods were up 0.4% after increasing 2.1% in March. While there was a downturn in new orders for manufactured goods, that downturn followed eleven consecutive monthly increases, suggesting there was some normal slowing after a long streak of increases in orders for manufactured goods. Importantly, new orders for nondefense capital goods, excluding aircraft -- a proxy for business spending -- remained strong, rising 2.2%.

The first quarter productivity report was unrevised at 5.4%. However, the first quarter unit labor costs were revised higher to +1.7% from -0.3% given a 2.1% upward revision to hourly compensation. Should wage inflation accelerate further, profit margin pressures will be felt in coming months.

During the past holiday-shortened week, the markets moved higher with the Dow rising 0.7%, the S&P 500 gaining 0.6% and the NASDAQ up 0.5%.

REGENERON

Regeneron Pharmaceuticals-REGN announced the U.S. Food and Drug Administration (FDA) updated the Emergency Use Authorization (EUA) for REGEN-COV™, lowering the dose to 1,200 mg (600 mg casirivimab and 600 mg imdevimab), which is half the dose originally authorized. Pivotal Phase 3 data showed the 1,200 mg dose reduced risk of hospitalization or death by 70%. As part of the updated EUA, REGEN-COV should be administered by intravenous (IV) infusion; subcutaneous (SC) injections are an alternative when IV infusion is not feasible and would lead to a delay in treatment. "Despite increased use of vaccines, thousands of patients are still becoming infected in the U.S. every day, with many at high risk of serious complications from COVID-19. Unfortunately, to date only a fraction of patients eligible for antibody treatments have received them, which we hope will change based on this updated FDA authorization. REGEN-COV is readily available and supplied free of charge by the U.S. government," said George D. Yancopoulos, M.D., Ph.D., President and Chief Scientific Officer at Regeneron. "REGEN-COV has also demonstrated potency against the main variants of concern to date in vitro and is the only antibody therapy currently available across the U.S., including in states where variants first identified in Brazil and South Africa are circulating at a higher rate."

FASTENAL

Fastenal-FAST reported May net and daily sales each declined 3.2% to \$477.2 million and \$23.9 million, respectively. Strong growth in Canada/Mexico was offset by declines in the U.S. and the rest of the world. By end market, manufacturing sales jumped 18.9% with non-residential construction sales up 4.4%. Daily sales by product line reflected strong 28.2% growth in fasteners, 12.5% growth in other products offset by the 44.1% decline in safety products as Fastenal is lapping the strong demand for safety products last year due to the pandemic.

SEI New ways.
New answers.®

The Board of Directors of **SEI Investments Company-SEIC** approved an increase in its stock repurchase program by an additional \$250 million, increasing the available authorization under the program to approximately \$316 million.

With first quarter earnings season winding down, most companies reported financial results well ahead of expectations. The recovery from the pandemic has been extremely strong as companies have benefited from government stimulus payments, ongoing vaccine rollouts, easing of COVID restrictions and pent-up consumer demand. Thanks to the strong growth, **HI-quality** companies appear more reasonably valued as most sales and earnings forecasts have been lifted for the full year. However, we will maintain a watchful eye on inflation as demand continues to exceed supply in many sectors of the economy.

If you have any questions, please let us know.

Sincerely,

Ingrid R. Hendershot

Ingrid R. Hendershot, CFA
President