

# Weekly Update

## Infrastructure Deal Invigorates Stocks

June 25, 2021

**SEI** New ways.  
New answers.®

### The Economy

- U.S. equities delivered robust performance during the week ending June 25 on renewed confidence in the economic recovery, as investors were particularly optimistic about a U.S. infrastructure deal.
- The U.S. economy (as measured by gross domestic product) expanded at a strong annualized rate of 6.4% in the first quarter of 2021. Consumer spending (which accounts for nearly 70% of U.S. economic activity) spiked by 11.4% as Americans put their stimulus payments to work, providing a much-needed boost to restaurants, hotels and airlines.
- Consumer sentiment accelerated from 82.9 in May to 86.4 in June on confidence about vaccination rollout plans and fiscal relief, as measured by the University of Michigan's consumer sentiment survey. The expectations component of the survey reflects the six-month consumer outlook for business conditions, employment and income.
- Durable-goods orders improved by 2.3% in May after tumbling by 1.3% in the prior month due to a global shortage of microchips used to manufacture automobiles. Transportation equipment purchases, such as aircrafts, drove the rebound in May. New orders for core capital goods, a closely watched proxy for business investment, inched 0.1% lower. June orders are expected to benefit from strength in the manufacturing sector and the springtime rebound in consumer spending.
- Existing-home sales slowed to a pace of 5.80 million sales in May from 5.85 million in April, primarily due to constrained supply as demand continued to soar. Housing inventory—which the National Association of Realtors reported hit a record low of 1.03 million in February (down 29.5% from a year earlier)—is expected to drive prices higher for existing homes and further reduce affordability for first-time homebuyers.
- New-home sales moderated to a rate of 769,000 in May from 817,000 in April. Builders struggled to keep up with demand while prices for land, labor and materials continued to surge. The price of lumber hit a new high in June.
- Preliminary estimates for the June reading of Markit's U.S. purchasing managers' index (PMI) showed that manufacturing activity expanded to 62.6 from 62.1 in the prior month. The report pointed to decreased momentum in services activity, which lowered to 64.8 from a robust 70.4 over the same period. Both manufacturing and services activity have enjoyed solid growth on powerful demand in recent months.
- The rate of initial jobless claims during the week ending June 19 fell to 411,000 from 418,000 in the previous week. Continuing claims increased by 16,000 to 3.39 million during the week ending June 12 as the reading hovered near its lowest level since the beginning of the pandemic.
- Mortgage-purchase applications increased by a modest 1.0% for the week ending June 18. In the same period, refinancing applications jumped by 3.0%. The average interest rate on a 30-year fixed-rate mortgage advanced from 2.93% to 3.02%.

### Stocks

- Global equities closed higher during the week. Developed markets led emerging markets.
- U.S. equities were in positive territory. Energy and financials were the top performers, while utilities and health care lagged. Value stocks led growth stocks and small caps beat large caps.

### Bonds

- The 10-year Treasury bond yield advanced to 1.53%. Global bond markets were in neutral territory this week. Global high-yield led, followed by global corporates and global government bonds.

The Numbers as of June 25, 2021	1 Week	YTD	1 Year	Friday's Close
<b>Global Equity Indexes</b>				
MSCI ACWI (\$)	1.8%	11.2%	37.2%	718.7
MSCI EAFE (\$)	1.0%	8.5%	30.9%	2330.9
MSCI Emerging Mkts (\$)	0.5%	5.9%	36.1%	1367.4
<b>US &amp; Canadian Equities</b>				
Dow Jones Industrials (\$)	3.4%	12.5%	33.7%	34433.8
S&P 500 (\$)	2.8%	14.0%	38.9%	4282.5
NASDAQ (\$)	2.4%	11.4%	43.4%	14360.4
S&P/TSX Composite (C\$)	1.1%	16.0%	31.0%	20229.0
<b>UK &amp; European Equities</b>				
FTSE All-Share (£)	1.6%	10.7%	19.6%	4067.8
MSCI Europe ex UK (€)	1.0%	14.9%	28.4%	1647.0
<b>Asian Equities</b>				
Topix (¥)	0.8%	8.8%	25.7%	1962.7
Hong Kong Hang Seng (\$)	1.7%	7.6%	18.2%	29288.2
MSCI Asia Pac. Ex-Japan (\$)	0.1%	5.1%	35.2%	696.2
<b>Latin American Equities</b>				
MSCI EMF Latin America (\$)	3.1%	9.6%	39.6%	2687.0
Mexican Bolsa (peso)	0.5%	14.7%	34.0%	50553.8
Brazilian Bovespa (real)	-0.9%	7.0%	32.6%	127310.3
<b>Commodities (\$)</b>				
West Texas Intermediate Spot	3.6%	53.0%	92.0%	74.3
Gold Spot Price	0.3%	-6.2%	0.8%	1777.2
<b>Global Bond Indices (\$)</b>				
Barclays Global Aggregate (\$)	0.0%	-3.1%	2.7%	541.2
JPMorgan Emerging Mkt Bond	-0.2%	-1.0%	6.9%	924.1
<b>10-Year Yield Change (basis points*)</b>				
US Treasury	9	61	84	1.53%
UK Gilt	3	59	63	0.78%
German Bund	5	42	32	-0.16%
Japan Govt Bond	-1	3	3	0.05%
Canada Govt Bond	9	78	92	1.45%
<b>Currency Returns**</b>				
US\$ per euro	0.6%	-2.3%	6.4%	1.194
Yen per US\$	0.5%	7.3%	3.3%	110.77
US\$ per £	0.6%	1.6%	11.8%	1.389
C\$ per US\$	-1.3%	-3.3%	-9.8%	1.230
<b>Source: Bloomberg. Equity-index returns are price only, others are total return. *100 basis points = 1 percentage point. **Increases in U.S. dollars (USD) per euro or pound indicate a decline in the value of the USD; increases in yen or Canadian dollars per USD indicate an increase in the value of the USD.</b>				

Index returns are for illustrative purposes only and do not represent actual investment performance. Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged, and one cannot invest directly in an index. Past performance does not guarantee future results.

This material is provided by SEI Investments Management Corporation (SIMC) for educational purposes only and is not meant to be investment advice. The reader should consult with his/her financial advisor for more information. This material represents an assessment of the market environment at a specific point in time and is not intended to be a forecast of future events or a guarantee of future results. There are risks involved with investing, including possible loss of principal. SIMC is a wholly-owned subsidiary of SEI Investments Company.