Weekly Update
Stocks Set Record Highs as Bonds Stabilize
March 12, 2021

SEI New ways. New answers.®

The Economy

- Major U.S. stock indexes set record highs during the week ending March 12 on a rebound in information technology, which lagged in recent weeks amid a sharp increase in bond yields. The bond market stabilized during the week, leading to a strong bid for growth stocks.
- President Joe Biden signed a $1.9 trillion fiscal relief package during the week, which is expected to buoy the U.S. economy and reduce unemployment. Many American households will receive $1,400 stimulus checks that are meant to encourage consumer spending, which accounts for about 70% of U.S. economic activity. For reference, the previous stimulus payment prompted U.S. retail sales to surge by 5.3% in January.
- Elevated gasoline prices drove consumer prices higher by 0.4% in February, as measured by the Department of Labor's consumer-price index. Inflation is nevertheless expected to remain tepid in the near term as the pandemic continues, even as forecasts call for higher prices on strengthening demand.
- The number of U.S. job openings (a measure of labor demand) improved by 16,500 to 6.91 million in January, according to the Department of Labor, which suggests that the labor market strengthened during the period. However, economists warned that government-imposed restrictions on businesses could severely limit the number of openings in the months ahead.
- Consumer sentiment jumped from 76.8 in February to a one-year high of 83.0 in March, as measured by the University of Michigan's consumer sentiment survey, amid strong optimism about broad vaccination rollout plans and fiscal relief. The expectations component of the survey reflects consumers' six-month outlook for business conditions, employment and income.
- Initial jobless claims remained near historic highs during the week ending March 6 despite decreasing by 42,000 to 712,000 on business restrictions intended to curb the spread of COVID-19. Warmer weather and an extensive vaccine-distribution plan is expected to encourage consumer spending and promote job growth later in the spring.
- Mortgage-purchase applications increased by 7.0% for the week ending March 5. In the same period, refinancing applications fell by 5.0% and the average interest rate on a 30-year fixed-rate mortgage moved up from 3.02% to 3.05%.
- Producer prices advanced in February by 0.5% (as measured by the Department of Labor's producer-price index, which tracks the average change in prices that producers receive for goods and services)—suggesting that inflation may start to gain traction in the near term.
- Household spending in Japan deteriorated in January by a steeper-than-expected 7.3% as the country introduced its state of emergency in an effort to curb the spread of the virus severely hurt consumer spending.

Stocks

- Global equity markets closed higher for the week. Developed markets led emerging markets.
- U.S. equities were in positive territory. Utilities and consumer discretionary were the top performers, while telecommunications and energy lagged. Value stocks led growth, and small caps beat large caps.

Bonds

- The 10-year Treasury bond yield moved higher to 1.63%. Global bond markets were in positive territory this week. Global government bonds led, followed by global corporate bonds and high-yield bonds.

The Numbers as of March 12, 2021	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI ($)	2.6%	4.4%	57.5%	674.9
MSCI EAFE ($)	3.0%	3.4%	48.8%	2220.5
MSCI Emerging Mkts ($)	1.4%	5.1%	53.7%	1357.6
U.S. & Canadian Equities				
Dow Jones Industrials ($)	4.1%	7.1%	54.7%	32789.5
S&P 500 ($)	2.6%	5.0%	59.0%	3943.4
NASDAQ ($)	3.1%	3.4%	85.0%	13323.4
S&P/ TSX Composite (C$)	2.5%	8.1%	50.6%	18839.7
U.K. & European Equities				
FTSE All-Share (£)	2.1%	4.8%	30.9%	3851.2
MSCI Europe ex UK (€)	4.1%	6.2%	47.0%	1521.9
Asian Equities				
Topix (¥)	2.9%	8.1%	46.9%	1951.1
Hong Kong Hang Seng ($)	-1.2%	5.5%	18.2%	28739.7
MSCI Asia Pac. Ex-Japan ($)	0.9%	5.5%	52.8%	698.3
Latin American Equities				
MSCI EMF Latin America ($)	3.0%	-5.3%	38.0%	2323.0
Mexican Bolsa (peso)	3.2%	8.5%	30.5%	47812.7
Brazilian Bovespa (real)	-1.1%	-4.2%	57.0%	113982.6
Commodities ($)				
West Texas Intermediate Spot	-0.8%	35.2%	108.2%	65.6
Gold Spot Price	1.0%	-9.2%	7.8%	1719.6
Global Bond Indexes ($)				
Barclays Global Aggregate ($)	0.3%	-3.3%	4.0%	540.5
JPMorgan Emerging Mkt Bond	0.5%	-4.1%	10.1%	895.5
10-Year Yield Change (basis points*)				
US Treasury	6	71	82	1.63%
UK Gilt	7	63	56	0.82%
German Bund	0	27	44	-0.31%
Japan Govt Bond	3	10	18	0.12%
Canada Govt Bond	8	90	98	1.58%
Currency Returns**				
US$ per euro	0.4%	-2.1%	6.9%	1.196
Yen per US$	0.6%	5.6%	4.2%	109.01
US$ per £	0.6%	1.9%	10.8%	1.393
C$ per US$	-1.5%	-2.0%	-10.4%	1.247

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.

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.