

The Economy

- U.S. equities flirted with record highs during the week ending May 28 (as measured by the S&P 500 Index) on improving economic optimism amid solid corporate earnings reports and talks in Washington over a hefty infrastructure plan.
- The U.S. economy (as measured by gross domestic product) expanded at a robust 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 11.3% as Americans put their stimulus payments to work, providing a much-needed boost to restaurants, hotels and airlines.
- Durable-goods orders tumbled unexpectedly by 1.3% in April as a global shortage of semiconductors (microchips) that are used to manufacture automobiles hurt motor vehicle sales. New orders for core capital goods, a closely watched proxy for business investment, advanced by 2.3%. May orders are expected to benefit from strength in the manufacturing sector and a springtime rebound in consumer spending.
- According to the Conference Board, optimism about the job market and additional fiscal stimulus measures kept consumer confidence in robust territory during May despite moderating to 117.2 from a 14-month high of 121.7 in April. As sentiment continues to recover, consumer spending should rise in the coming months as Americans return to restaurants and stores. The reading also revealed expectations that business conditions and the public health situation will improve in the near term.
- The U.S. housing market remained solid in March, growing by 1.6% for the month and by 13.3% year over year, as measured by the S&P CoreLogic Case-Schiller Home Price Index. Near-record-low mortgage rates have increased purchasing power for homebuyers, while rising home prices hurt affordability.
- New-home sales swelled to 863,000 million in April from 917,000 in March. First-time homebuyers drove the increase as ultra-low mortgage rates boosted demand for single-family homes. Keeping up with demand remained difficult for builders as prices for land, labor and materials continued to increase; during April, the price of lumber hit a new high.
- Mortgage-purchase applications fell by 4.0% for the week ending May 21. In the same period, refinancing applications deteriorated by 7.0% and the average interest rate on a 30-year fixed-rate mortgage decreased from 3.00% to 2.95%.
- The rate of initial jobless claims continued to reverse its stubbornly high trend, moving closer to pre-pandemic levels as it dropped by 38,000 to 406,000 during the week ending May 22.

Stocks

- Global equity markets closed higher for the week. Emerging markets led developed markets.
- U.S. equities were in positive territory. Industrials and telecommunications were the top performers, while utilities and health care lagged. Growth stocks led value, and small caps beat large caps.

Bonds

- The 10-year Treasury bond yield moved lower to 1.60%. Global bond markets were in positive territory this week. Global corporate bonds led, followed by global government bonds and high-yield bonds.

The Numbers as of May 28, 2021	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI (\$)	1.0%	9.7%	39.2%	708.9
MSCI EAFE (\$)	0.5%	8.3%	33.4%	2325.3
MSCI Emerging Mkts (\$)	1.8%	4.9%	46.4%	1354.3
U.S. & Canadian Equities				
Dow Jones Industrials (\$)	0.9%	12.8%	35.9%	34529.5
S&P 500 (\$)	1.2%	12.0%	38.8%	4206.5
NASDAQ (\$)	2.1%	6.7%	46.7%	13748.7
S&P/TSX Composite (C\$)	1.7%	13.9%	30.1%	19861.2
U.K. & European Equities				
FTSE All-Share (£)	0.3%	9.3%	16.8%	4016.1
MSCI Europe ex UK (€)	0.5%	11.6%	27.4%	1599.9
Asian Equities				
Topix (¥)	2.2%	7.9%	23.5%	1947.4
Hong Kong Hang Seng (\$)	2.3%	7.0%	25.9%	29124.4
MSCI Asia Pac. Ex-Japan (\$)	1.8%	5.1%	46.6%	695.7
Latin American Equities				
MSCI EMF Latin America (\$)	1.2%	1.9%	39.5%	2497.7
Mexican Bolsa (peso)	0.5%	13.6%	37.1%	50045.3
Brazilian Bovespa (real)	2.5%	5.6%	44.5%	125656.0
Commodities (\$)				
West Texas Intermediate Spot	4.1%	36.7%	96.7%	66.3
Gold Spot Price	1.4%	0.3%	10.4%	1900.0
Global Bond Indexes (\$)				
Barclays Global Aggregate (\$)	0.3%	-2.5%	4.6%	544.6
JPMorgan Emerging Mkt Bond	0.4%	-1.9%	8.7%	915.5
10-Year Yield Change (basis points*)				
US Treasury	-3	68	90	1.60%
UK Gilt	-4	60	59	0.79%
German Bund	-5	39	24	-0.18%
Japan Govt Bond	0	6	8	0.08%
Canada Govt Bond	-4	82	94	1.50%
Currency Returns**				
US\$ per euro	0.1%	-0.2%	10.1%	1.219
Yen per US\$	0.8%	6.4%	2.0%	109.85
US\$ per £	0.3%	3.8%	15.2%	1.419
C\$ per US\$	0.1%	-5.1%	-12.3%	1.208

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.

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