

Weekly Update

No Summertime Sadness for U.S. Consumers

June 11, 2021

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New answers.®

The Economy

- U.S. stocks rose during the week ending June 11. The S&P 500 Index, a common gauge of U.S. equities, wrapped up its fourth consecutive week of gains as investors remained optimistic about the U.S. economic recovery.
- Consumer credit in April grew by a seasonally adjusted 5.3% (\$18.6 billion) for its third straight monthly gain. Non-revolving debt increased by 7.6% year over year on strong auto and student lending; over the same period, revolving credit declined by 2.4% as consumers reduced their credit-card usage.
- Consumer sentiment came roaring back in June as inflation fears dissipated amid optimism about future economic prospects, especially among middle- and upper-income households, according to preliminary data from the University of Michigan. The final reading will be published on June 25.
- The number of U.S. job openings (a measure of labor demand) hit a record high of 9.3 million in April, as reported by Department of Labor. Leisure and hospitality businesses posted the highest number of opportunities as the sector continued to rebound from pandemic-induced lockdowns. The quits rate jumped to 3.95 million, signaling workers' confidence in finding new jobs.
- U.S. inflation jumped by 5% year over year in May—beating expectations with the fastest year-over-year increase since August 2008, primarily within the used-car market—as measured by the Department of Labor's consumer-price index. Core inflation (which excludes volatile food and energy prices) accelerated by 3.8% over the same period, its fastest annual rate in nearly 30 years.
- The rate of initial jobless claims during the week ending June 5 fell to 376,000 from 385,000 in the previous week, a new low since the pandemic began. Continuing claims decreased by 258,000 to 3.499 million during the week ending May 29, reaching the lowest level since the beginning of the pandemic.
- Mortgage-purchase applications declined by a modest 3.1% for the week ending June 4. In the same period, refinancing applications dropped by 5.0% (and by 27% from one year ago). The average interest rate on a 30-year fixed-rate mortgage slipped from 3.17% to 3.15%.
- Japan's gross domestic product (GDP) slid by a smaller-than-expected annualized 3.9% for the first quarter of 2021 as domestic demand remained tepid. Economists have said that economic recovery should accelerate once 50% of the country's population is inoculated from COVID-19; as of June 9, only about 5% of the population is fully vaccinated, according to Our World in Data.
- The EU's GDP contracted by 0.3% in the first quarter and by 1.2% year over year, according to revised estimates.
- The U.K.'s economy grew by 2.4% in the first quarter as COVID-19 restrictions eased. Robust service-sector activity offset slumps in construction and industry.

Stocks

- Global equities were mixed during the week. Developed markets led emerging markets.
- U.S. equities were largely in positive territory. Health care and consumer discretionary were the top performers, while materials and financials lagged. Growth stocks led value stock and small caps beat large caps.

Bonds

- The 10-year Treasury bond yield slipped to 1.45%. Global bond markets were in negative territory this week. Global corporates led, followed by global high-yield and global government bonds.

The Numbers as of June 11, 2021	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI (\$)	0.3%	11.1%	39.5%	718.2
MSCI EAFE (\$)	0.3%	10.1%	32.2%	2365.1
MSCI Emerging Mkts (\$)	-0.2%	6.8%	38.8%	1378.9
U.S. & Canadian Equities				
Dow Jones Industrials (\$)	-0.8%	12.7%	37.2%	34479.6
S&P 500 (\$)	0.4%	13.1%	41.5%	4247.4
NASDAQ (\$)	1.8%	9.2%	48.2%	14069.4
S&P/TSX Composite (C\$)	0.5%	15.5%	33.8%	20138.4
U.K. & European Equities				
FTSE All-Share (£)	0.6%	10.7%	21.0%	4068.3
MSCI Europe ex UK (€)	0.6%	14.0%	30.2%	1633.5
Asian Equities				
Topix (¥)	-0.3%	8.3%	23.0%	1954.0
Hong Kong Hang Seng (\$)	-0.3%	5.9%	17.8%	28842.1
MSCI Asia Pac. Ex-Japan (\$)	-0.2%	6.2%	38.0%	703.4
Latin American Equities				
MSCI EMF Latin America (\$)	0.0%	8.7%	33.6%	2665.0
Mexican Bolsa (peso)	1.6%	16.4%	39.3%	51286.5
Brazilian Bovespa (real)	-0.5%	8.8%	36.7%	129441.0
Commodities (\$)				
West Texas Intermediate Spot	1.9%	46.1%	95.1%	70.9
Gold Spot Price	-0.5%	-0.8%	8.8%	1879.2
Global Bond Indexes (\$)				
Barclays Global Aggregate (\$)	0.4%	-2.1%	3.4%	547.1
JPMorgan Emerging Mkt Bond	0.8%	-0.8%	7.9%	925.9
10-Year Yield Change (basis points*)				
US Treasury	-10	54	78	1.45%
UK Gilt	-8	51	51	0.71%
German Bund	-6	30	14	-0.27%
Japan Govt Bond	-5	1	2	0.04%
Canada Govt Bond	-9	69	85	1.37%
Currency Returns**				
US\$ per euro	-0.5%	-0.9%	7.1%	1.211
Yen per US\$	0.1%	6.2%	2.6%	109.66
US\$ per £	-0.3%	3.2%	12.0%	1.411
C\$ per US\$	0.7%	-4.4%	10.7%	1.217

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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