

The Economy

- U.S. equities gained on improving economic optimism during the week ending June 4 as news of solid jobs growth in May pointed to a strengthening labor market.
- The U.S. economy added 559,000 jobs in May. Hiring was robust within hospitality, education and health care. The unemployment rate dropped to 5.8% from 6.1% in the prior month. Jobs growth is expected to accelerate in the months ahead on potential additional government stimulus measures and rising economic demand.
- The rate of initial jobless claims continued to reverse its stubbornly high trend, moving closer to pre-pandemic levels as it fell by 20,000 to 385,000 during the week ending May 29.
- Manufacturing activity in the U.S. pushed further into expansion territory during May, from 60.5 to 62.1, as measured by Markit's manufacturing purchasing managers' index (PMI). A similar report by The Institute for Supply Management (ISM) also showed manufacturing growth in May, rising from 60.7 to 61.2. Manufacturing accounts for approximately 11.9% of the U.S. economy.
- Motor-vehicle sales gained by a stronger-than-anticipated 17.0 million in May; demand for cars revved up as higher COVID-19 vaccination rates encouraged a return to brick-and-mortar stores.
- Construction spending advanced by a smaller-than-expected 0.2% in April. Residential expenditures widened by 1.0% during the period, while spending on nonresidential construction deteriorated by 0.5%. Strong demand for new housing is anticipated to bolster residential construction activity in the months ahead.
- Markit's U.S. nonmanufacturing PMI showed that services activity further expanded during May to 70.4 from 64.7 in April. ISM's nonmanufacturing PMI reading jumped to 64.0 in May from 62.7 in April. The services sector continued to add workers and increase orders for materials despite the ongoing pandemic.
- The U.S. Census Bureau reported a 0.6% decline in new factory orders for April, registering the first reduction in 11 months due to severe shortages of labor and supply. The overall condition for U.S. manufacturing nevertheless remained favorable, suggesting ongoing progress for manufacturers notwithstanding a resurgence in COVID-19 infection rates.
- Mortgage-purchase applications fell by 3.0% for the week ending May 28. In the same period, refinancing applications deteriorated by 5.0% and the average interest rate on a 30-year fixed-rate mortgage slid from 3.00% to 2.95%.
- Manufacturing activity in the eurozone further expanded in May, from 53.8 to 57.1, as measured by Markit's PMI. Strong demand provided a tailwind to the manufacturing sector, suggesting that the eurozone economy has begun to recover from recession.
- Retail sales in the eurozone decreased by 3.1% in April, primarily within non-food products.

Stocks

- Global equity markets closed higher for the week. Emerging markets led developed markets.
- U.S. equities were in positive territory. Energy and financials were the top performers, while consumer discretionary and health care lagged. Value stocks led growth, and small caps beat large caps.

Bonds

- The 10-year Treasury bond yield moved lower to 1.56%. Global bond markets were in negative territory this week. High-yield bonds led, followed by global government bonds and global corporate bonds.

The Numbers as of June 4, 2021	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI (\$)	0.0%	10.1%	34.7%	711.4
MSCI EAFE (\$)	0.1%	9.1%	28.7%	2343.6
MSCI Emerging Mkts (\$)	1.7%	7.1%	39.9%	1383.6
U.S. & Canadian Equities				
Dow Jones Industrials (\$)	0.7%	13.6%	32.3%	34762.7
S&P 500 (\$)	0.6%	12.6%	35.9%	4230.6
NASDAQ (\$)	0.5%	7.2%	43.7%	13816.3
S&P/TSX Composite (C\$)	0.9%	14.9%	28.9%	20022.5
U.K. & European Equities				
FTSE All-Share (£)	0.7%	10.0%	15.2%	4042.4
MSCI Europe ex UK (€)	0.4%	12.9%	24.4%	1618.7
Asian Equities				
Topix (¥)	0.6%	8.6%	22.2%	1959.2
Hong Kong Hang Seng (\$)	-0.7%	6.2%	18.7%	28918.1
MSCI Asia Pac. Ex-Japan (\$)	1.0%	6.5%	38.9%	705.4
Latin American Equities				
MSCI EMF Latin America (\$)	4.4%	8.2%	33.6%	2652.1
Mexican Bolsa (peso)	0.9%	14.6%	33.3%	50482.9
Brazilian Bovespa (real)	3.6%	9.3%	38.6%	130089.6
Commodities (\$)				
West Texas Intermediate Spot	5.0%	43.5%	86.1%	69.6
Gold Spot Price	-0.6%	-0.3%	10.0%	1889.4
Global Bond Indexes (\$)				
Barclays Global Aggregate (\$)	-0.3%	-2.8%	3.7%	542.9
JPMorgan Emerging Mkt Bond	0.1%	-1.8%	7.2%	916.9
10-Year Yield Change (basis points*)				
US Treasury	-4	64	73	1.56%
UK Gilt	0	60	48	0.79%
German Bund	-3	36	11	-0.21%
Japan Govt Bond	0	7	5	0.09%
Canada Govt Bond	-4	78	78	1.46%
Currency Returns**				
US\$ per euro	-0.2%	-0.4%	7.3%	1.217
Yen per US\$	-0.3%	6.1%	0.3%	109.51
US\$ per £	-0.2%	3.6%	12.5%	1.417
C\$ per US\$	0.0%	-5.1%	-10.5%	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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