Weekly Update
Stocks Sink on Spread in Virus
April 23, 2021

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The Economy

- Global equity markets closed lower during the week ending April 23. While encouraging economic data and robust corporate earnings provided a tailwind to some stocks, a fresh wave of COVID-19 infections caused global financial markets to drop.
- U.S. economic health improved by 1.3% in March, as measured by the Conference Board's leading economic index (a composite of 10 forward-looking components). Progress is expected to continue during the first half of 2021 due to higher COVID-19 vaccination rates and pent-up consumer demand. A leading indicator is an economic factor that shifts before the rest of the economy begins to move in a particular direction.
- New-home sales swelled to a significantly larger-than-expected 1.02 million in March from 775,000 in February. First-time homebuyers drove the increase as ultra-low mortgage rates boosted demand for single-family homes, particularly amid the pandemic. Keeping up with demand remained difficult for builders as prices for land, labor and materials continued to increase; during March, for example, the price of lumber hit several new highs.
- Existing-home sales increased by 6.01 million in March, slowing from the February pace of 6.24 million sales. , primarily due to constrained supply amid high demand for houses. Housing inventory was at a record low 1.03 million in February, down 29.5% from a year earlier, according to the National Association of Realtors. Limited supply is expected to drive prices higher for existing homes and further reduce affordability for first-time homebuyers.
- Preliminary estimates for the March reading of Markit's U.S. purchasing managers' index (PMI) showed that manufacturing activity expanded to 60.6 from 59.0 in the prior month. Estimates also showed improvement in services activity, moving to 63.1 from 60.0 over the same period. Manufacturing and services activity have been decidedly robust in recent months.
- The stubbornly high rate of initial jobless claims dropped by a larger-than-expected 39,000 to 547,000 during the week ending April 17. Other recent measures have also shown labor-market improvement: U.S. employers added 916,000 jobs in March, pushing the unemployment rate down from 6.2% to 6.0%.
- Mortgage-purchase applications jumped by 6.0% for the week ending April 16. In the same period, refinancing applications surged by 10.0% and the average interest rate on a 30-year fixed-rate mortgage moved lower, from 3.04% to 2.97%. Lower mortgage rates have bolstered the refinancing market in recent weeks.

Stocks

- Global equity markets closed lower for the week. Developed markets were even with emerging markets.
- U.S. equities were in negative territory. Health care and industrials were the top performers, while consumer discretionary and energy 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 positive territory this week. Global government bonds led, followed by global corporate bonds and high-yield bonds.

The Numbers as of April 23, 2021	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI ($)	-0.9%	8.1%	48.4%	698.3
MSCI EAFE ($)	-0.5%	6.6%	42.8%	2288.6
MSCI Emerging Mkts ($)	-0.5%	3.9%	50.4%	1341.4
U.S. & Canadian Equities				
Dow Jones Industrials ($)	-0.4%	11.3%	44.8%	34057.6
S&P 500 ($)	0.1%	11.6%	49.8%	4190.3
NASDAQ ($)	-0.2%	8.8%	65.1%	14025.8
S&P/ TSX Composite (C$)	-1.2%	9.7%	34.2%	19121.0
U.K. & European Equities				
FTSE All-Share (£)	-1.0%	7.9%	23.7%	3965.2
MSCI Europe ex UK (€)	-0.4%	10.4%	34.9%	1582.3
Asian Equities				
Topix (¥)	-2.3%	6.1%	34.3%	1915.0
Hong Kong Hang Seng ($)	0.4%	6.8%	21.3%	29078.8
MSCI Asia Pac. Ex-Japan ($)	-0.4%	4.6%	50.5%	692.8
Latin American Equities				
MSCI EMF Latin America ($)	-0.2%	-2.1%	50.5%	2401.3
Mexican Bolsa (peso)	0.8%	11.4%	43.4%	49095.6
Brazilian Bovespa (real)	-0.4%	1.4%	51.4%	120654.5
Commodities ($)				
West Texas Intermediate Spot	-1.5%	28.2%	294.8%	62.2
Gold Spot Price	-0.1%	-6.2%	3.0%	1777.6
Global Bond Indexes ($)				
Barclays Global Aggregate ($)	0.4%	-2.9%	5.4%	542.6
JPMorgan Emerging Mkt Bond	0.0%	-2.7%	16.1%	908.8
10-Year Yield Change (basis points*)				
US Treasury	-2	64	96	1.56%
UK Gilt	-2	55	45	0.74%
German Bund	1	31	17	-0.26%
Japan Govt Bond	-2	5	6	0.07%
Canada Govt Bond	-2	84	92	1.52%
Currency Returns**				
US$ per euro	1.0%	-1.0%	12.3%	1.210
Yen per US$	-0.9%	4.5%	0.3%	107.87
US$ per £	0.4%	1.6%	12.5%	1.389
C$ per US$	-0.3%	-2.0%	-11.4%	1.248

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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