

The Economy

- U.S. equities edged higher during the week ending December 4 as a series of promising COVID-19 vaccine-related announcements injected optimism into investor sentiment. Investors and economists hope that a vaccine will help accelerate an economic rebound during 2021.
- The U.S. economy added an underwhelming 245,000 jobs in November, the slowest month of job growth since the spring. The report highlights a divergence within the economic recovery—showing that a significant portion of the population remains hurt by a lingering joblessness crisis even as the stock market powers higher to record levels.
- U.S. manufacturing activity remained decidedly in expansion territory in November, with readings of more than 50.0 from the manufacturing purchasing managers' indexes (PMIs) of both Markit and the Institute for Supply Management's (ISM). Yet Markit showed growth accelerating from 53.4 to 56.7, while the ISM indicated that growth slowed from 59.3 to 57.5 for the month. New orders retreated from their highest level in approximately 17 years.
- Construction spending advanced by 1.3% in October, marking the reading's fifth consecutive monthly gain. Residential expenditures grew by 2.9% during the period, while spending on nonresidential construction slipped by 0.7%. Healthy demand for new houses is expected to continue to support residential construction.
- Motor-vehicle sales expanded by 15.6 million in November. Retail car buyers continued to enter the market as access to lower-interest loans fueled demand for new cars.
- U.S. services activity remained in expansion territory for the sixth consecutive month in November despite slipping to 55.9 from 56.6 in October, as measured by ISM's nonmanufacturing index. Most services companies continued to proceed with caution amid the pandemic.
- The U.S. Census Bureau reported a 1.0% gain in new factory orders for October, suggesting ongoing progress for manufacturers despite a resurgence in COVID-19 infections.
- Mortgage-purchase applications advanced by 9.0% for the week ending November 27, while refinancing applications fell by 5.0%. The average interest rate on a 30-year fixed-rate mortgage inched lower from 2.72% to 2.71%.
- Initial jobless claims decreased by 75,000 to 712,000 during the week ending November 28. New applications for unemployment benefits remained historically high despite plunging in May from a peak of 7 million claims in March.
- Retail sales in the eurozone rebounded by a greater-than-expected 1.5% in October, boosted by a spike in online shopping after faltering by 2.0% in the prior month.
- Manufacturing activity in China advanced from 53.6 to 54.9 in November, as measured by the Caixin PMI—signaling that overall demand remains healthy as the country continues to recover from the pandemic.

Stocks

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

Bonds

- The 10-year Treasury bond yield moved higher to 0.97%. Global bond markets were in positive territory this week. High-yield bonds led, followed by global corporate bonds and global government bonds.

The Numbers as of December 4, 2020	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI (\$)	0.8%	11.2%	15.5%	628.5
MSCI EAFE (\$)	0.8%	2.9%	6.4%	2096.3
MSCI Emerging Mkts (\$)	0.7%	11.2%	18.9%	1239.5
U.S. & Canadian Equities				
Dow Jones Industrials (\$)	1.0%	5.9%	9.2%	30217.7
S&P 500 (\$)	1.5%	14.3%	18.5%	3693.3
NASDAQ (\$)	2.1%	38.9%	45.4%	12464.2
S&P/TSX Composite (C\$)	0.7%	2.6%	3.9%	17514.1
U.K. & European Equities				
FTSE All-Share (£)	3.0%	-11.8%	-6.7%	3702.3
MSCI Europe ex UK (€)	-0.8%	-2.3%	0.1%	1405.3
Asian Equities				
Topix (¥)	-0.6%	3.2%	3.8%	1775.9
Hong Kong Hang Seng (\$)	-0.2%	-4.8%	2.4%	26835.9
MSCI Asia Pac. Ex-Japan (\$)	0.2%	15.2%	21.9%	636.5
Latin American Equities				
MSCI EMF Latin America (\$)	5.2%	-19.3%	-13.1%	2355.5
Mexican Bolsa (peso)	4.8%	0.3%	3.5%	43682.6
Brazilian Bovespa (real)	2.7%	-1.8%	2.7%	113580.0
Commodities (\$)				
West Texas Intermediate Spot	1.6%	-24.2%	-20.8%	46.3
Gold Spot Price	2.6%	20.5%	24.0%	1834.3
Global Bond Indexes (\$)				
Barclays Global Aggregate (\$)	0.5%	8.3%	8.7%	554.0
JPMorgan Emerging Mkt Bond	0.4%	4.5%	6.5%	921.5
10-Year Yield Change (basis points*)				
US Treasury	13	-95	-84	0.97%
UK Gilt	7	-47	-42	0.35%
German Bund	4	-36	-25	-0.55%
Japan Govt Bond	-1	4	5	0.02%
Canada Govt Bond	12	-90	-81	0.80%
Currency Returns**				
US\$ per euro	1.4%	8.2%	9.2%	1.213
Yen per US\$	0.1%	-4.1%	-4.2%	104.18
US\$ per £	0.9%	1.3%	2.1%	1.343
C\$ per US\$	-1.6%	-1.6%	-3.0%	1.278

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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