

The Economy

- U.S. equity markets ground higher during the week ending February 12 on investor optimism about potential COVID-19 fiscal stimulus measures. A combination of better-than-expected fourth-quarter earnings and improvements on the medical front further boosted hopes of better times ahead. The Biden administration announced that another 200 million doses of the vaccine were secured during the week, bringing the U.S. total to 600 million.
- Consumer sentiment narrowed from 79.0 in January to 76.2 in February, as measured by the University of Michigan's Consumer Sentiment Survey, on a deterioration in expectations. The expectations component of the survey reflects consumers' six-month outlook for business conditions, employment and income.
- The number of U.S. job openings (a measure of labor demand) improved by a modest 7,000 to 6.64 million in December, according to the Department of Labor. Economists warned that widespread restrictions on businesses imposed by state and local governments could severely limit the number of openings in the months ahead.
- Elevated gasoline prices drove consumer prices higher by 0.3% in January, as measured by the Department of Labor's consumer-price index. In the near term, however, inflation is nevertheless expected to remain restrained by the pandemic, even as forecasts call for higher prices on strengthening demand.
- Initial jobless claims declined during the week ending February 6 by 19,000 to 793,000, yet remained near historic highs due to renewed business restrictions intended to curb the spread of COVID-19. The House of Representatives passed President Biden's relief package last week, putting the administration one step closer to injecting additional fiscal measures into the U.S. economy. Improved weather in the spring and a broad vaccine distribution plan should also boost consumer spending and promote job growth.
- Mortgage-purchase applications fell by 5.0% for the week ending February 2. Refinancing applications diminished by 4.0% in the same period. The average interest rate on a 30-year fixed-rate mortgage was unchanged at 2.73%.
- Industrial production in the U.K. increased by 0.2% in December, with total manufacturing output growing by 0.3%. The U.K.'s industrial production continued to underwhelm, largely undershooting pre-pandemic levels. The pandemic has sapped demand, as demonstrated by the U.K.'s fourth-quarter economic growth inched higher by 1.0% after surging by 16% in the third quarter.
- Consumer and producer prices in China both advanced by 1.0% in January. Producer prices increased in the country for the first time in approximately one year due to a rebound in demand.

Stocks

- Global equity markets closed higher for the week. Emerging markets led developed markets.
- U.S. equities were in positive territory. Energy and information technology 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 1.20%. 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 February 12, 2021	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI (\$)	1.4%	5.2%	17.2%	679.7
MSCI EAFE (\$)	1.8%	3.4%	9.2%	2221.5
MSCI Emerging Mkts (\$)	2.3%	10.6%	29.1%	1427.9
U.S. & Canadian Equities				
Dow Jones Industrials (\$)	1.0%	2.8%	6.9%	31464.4
S&P 500 (\$)	1.1%	4.6%	16.4%	3928.7
NASDAQ (\$)	1.7%	9.4%	45.2%	14097.4
S&P/TSX Composite (C\$)	1.7%	5.8%	3.5%	18440.3
U.K. & European Equities				
FTSE All-Share (£)	1.2%	2.2%	-9.5%	3755.0
MSCI Europe ex UK (€)	0.4%	3.0%	-1.2%	1476.8
Asian Equities				
Topix (¥)	2.3%	7.2%	12.9%	1933.9
Hong Kong Hang Seng (\$)	3.0%	10.8%	8.8%	30173.6
MSCI Asia Pac. Ex-Japan (\$)	2.4%	10.9%	32.2%	734.2
Latin American Equities				
MSCI EMF Latin America (\$)	-0.1%	-1.8%	-13.8%	2406.7
Mexican Bolsa (peso)	0.1%	0.2%	-1.8%	44174.7
Brazilian Bovespa (real)	-0.9%	0.1%	3.0%	119167.7
Commodities (\$)				
West Texas Intermediate Spot	4.8%	22.8%	15.9%	59.6
Gold Spot Price	0.4%	-3.9%	15.4%	1819.7
Global Bond Indexes (\$)				
Barclays Global Aggregate (\$)	0.6%	-1.1%	7.7%	552.8
JPMorgan Emerging Mkt Bond	0.0%	-0.7%	2.9%	926.9
10-Year Yield Change (basis points*)				
US Treasury	4	29	-41	1.20%
UK Gilt	4	32	-13	0.52%
German Bund	2	14	-4	-0.43%
Japan Govt Bond	1	5	10	0.07%
Canada Govt Bond	3	35	-37	1.03%
Currency Returns**				
US\$ per euro	0.6%	-0.8%	11.8%	1.212
Yen per US\$	-0.4%	1.6%	-4.4%	104.95
US\$ per £	0.8%	1.3%	6.2%	1.385
C\$ per US\$	-0.4%	-0.2%	-4.3%	1.270

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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