

The Economy

- U.S. stocks dipped for the week ending August 20 on sharp losses in the banking, materials and energy sectors. Investors had a lower appetite for riskier stocks on fears of a slowdown in China's growth and as the highly contagious COVID-19 delta variant renewed concerns about further lockdowns, which would pressure already-challenged supply chains. U.S. equity markets also slipped on anxieties about rising inflation and a possible end to the Federal Reserve's bond-buying program.
- U.S. industrial production rose by a more-than-expected 0.9% in July, the fastest pace of growth since March 2021. In the same period, capacity utilization (which reflects the operating limits of U.S. factories, mines and utilities) rose to 76.1% for the highest monthly rate since March 2020 (a reading of less than 100% indicates that a company is producing at less than its fullest potential). Motor-vehicle production accounted for most of the production gain despite remaining about 3.5% below its January 2021 peak. Excluding autos, industrial production inched up by 0.1% in the month.
- U.S. housing starts plummeted by 7% in July amid persistent supply-chain challenges and high construction costs. Single-family housing starts fell by 4.5%, while multi-family starts dropped by 13.1% for the month. The National Association of Homebuilders reported that homebuilder confidence slid to a 13-month low in August due to exorbitant material costs and high home prices.
- U.S. retail sales (which include purchases at stores, restaurants and online) cooled in July, falling by 1.1% from the previous month as consumer demand waned on higher COVID-19 infection rates. Spending in the services sector continued to rise, while sales in autos, clothing, furniture and sporting goods slumped.
- Mortgage-purchase applications slipped by 3.9% for the week ending August 13, while refinancing applications declined by 5.3%. The interest rate on a traditional 30-year mortgage exceeded 3% for the first time in a month, moving to 3.06%.
- U.S. initial jobless claims fell by 29,000 to 348,000 during the week ending August 14, marking a pandemic low that points to increasing business momentum. Continuing claims dropped to 2.8 million for the week ending August 7, the lowest reading since the pandemic started.
- Japan's economy rebounded in the second quarter of 2021 on higher consumption and capital expenditures. The reading expanded by 1.3% following a 3.7% decline in the first quarter.

Stocks

- Global equities closed lower during the week. Developed markets led emerging markets.
- U.S. equities were in negative territory. Utilities and health care were the top performers, while energy and materials lagged. Growth stocks led value stocks and large caps beat small caps.

Bonds

- The 10-year Treasury bond yield rose to 1.26% after the Federal Reserve hinted at reversing its easy-money policies later this year.
- Global bond markets were in negative territory this week. High-yield bonds led, followed by global corporates and global government bonds.

The Numbers as of August 20, 2021	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI (\$)	-1.8%	11.8%	26.9%	722.6
MSCI EAFE (\$)	-3.0%	7.4%	22.3%	2307.2
MSCI Emerging Mkts (\$)	-4.7%	-5.5%	13.0%	1220.8
US & Canadian Equities				
Dow Jones Industrials (\$)	-1.1%	14.7%	26.6%	35120.1
S&P 500 (\$)	-0.6%	18.3%	31.2%	4441.7
NASDAQ (\$)	-0.7%	14.2%	30.6%	14714.7
S&P/TSX Composite (C\$)	-0.9%	16.7%	22.5%	20339.0
UK & European Equities				
FTSE All-Share (£)	-1.5%	11.1%	21.7%	4082.5
MSCI Europe ex UK (€)	-1.4%	18.0%	28.8%	1690.5
Asian Equities				
Topix (¥)	-3.9%	4.2%	17.6%	1880.7
Hong Kong Hang Seng (\$)	-5.8%	-8.7%	0.2%	24849.7
MSCI Asia Pac. Ex-Japan (\$)	-4.8%	-5.6%	12.1%	624.9
Latin American Equities				
MSCI EMF Latin America (\$)	-5.2%	-3.5%	21.5%	2365.6
Mexican Bolsa (peso)	-0.1%	16.7%	32.8%	51414.3
Brazilian Bovespa (real)	-2.6%	-0.8%	16.3%	118052.8
Commodities (\$)				
West Texas Intermediate Spot	-8.9%	28.4%	46.4%	62.3
Gold Spot Price	0.4%	-5.8%	-8.2%	1783.9
Global Bond Indices (\$)				
Barclays Global Aggregate (\$)	-0.3%	-2.5%	0.5%	544.9
JPMorgan Emerging Mkt Bond	0.2%	-0.3%	3.3%	931.3
10-Year Yield Change (basis points*)				
US Treasury	-2	34	60	1.26%
UK Gilt	-5	33	30	0.52%
German Bund	-3	8	0	-0.50%
Japan Govt Bond	-2	-1	-3	0.01%
Canada Govt Bond	-4	46	58	1.14%
Currency Returns**				
US\$ per euro	-0.8%	-4.2%	-1.4%	1.170
Yen per US\$	0.2%	6.3%	3.8%	109.78
US\$ per £	-1.8%	-0.3%	3.1%	1.362
C\$ per US\$	2.4%	0.8%	-2.8%	1.282

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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