

### 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
<b>Global Equity Indexes</b>				
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
<b>US &amp; Canadian Equities</b>				
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
<b>UK &amp; European Equities</b>				
FTSE All-Share (£)	-1.5%	11.1%	21.7%	4082.5
MSCI Europe ex UK (€)	-1.4%	18.0%	28.8%	1690.5
<b>Asian Equities</b>				
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
<b>Latin American Equities</b>				
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
<b>Commodities (\$)</b>				
West Texas Intermediate Spot	-8.9%	28.4%	46.4%	62.3
Gold Spot Price	0.4%	-5.8%	-8.2%	1783.9
<b>Global Bond Indices (\$)</b>				
Barclays Global Aggregate (\$)	-0.3%	-2.5%	0.5%	544.9
JPMorgan Emerging Mkt Bond	0.2%	-0.3%	3.3%	931.3
<b>10-Year Yield Change (basis points*)</b>				
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%
<b>Currency Returns**</b>				
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.

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