

## The Economy

- Inflation concerns, along with a resurgence in COVID-19 cases, caused consumer confidence to plummet to a six-month low of 113.8 in August, as measured by the Conference Board's consumer confidence index. Americans were generally less optimistic about the short-term outlook for business conditions, jobs and financial prospects. The highly infectious delta variant presents headwinds to the economic rebound.
- The U.S. housing market extended its hot streak in June as prices rose by 1.6% for the month and 18.6% year over year, according to the S&P CoreLogic Case-Schiller Home Price Index. Home prices have skyrocketed during 2021 and are now approximately 41% higher than their previous peak during the housing boom in 2006. Historically low mortgage rates have continued to increase homebuyer purchasing power, while rising home prices have hurt affordability.
- Construction spending ratcheted higher by 0.3% in July—primarily on private residential projects, which grew 0.5%, while spending on nonresidential construction edged down by 0.2%. Strong demand for single-family residential houses is expected to buoy construction activity in the months ahead.
- U.S. manufacturing activity (which accounts for approximately 12% of the country's economy) fell from 63.4 in July to 61.2 in August, as measured by Markit's manufacturing purchasing managers' index (PMI). Manufacturers have enjoyed spectacular growth due to powerful demand in recent months, while supply chain disruptions and a scarcity of factory employees have decreased manufacturing momentum. A similar report for the same month by The Institute for Supply Management (ISM) showed the sector's activity improved from 59.5 to 59.9 over the period, driven by strong order growth.
- Motor-vehicle sales slowed to a 13.1 million annualized pace in August. Demand for cars decelerated due to a steep reduction in spending habits by consumers, driven by uncertainty related to the spread of COVID-19.
- A mild 235,000 jobs were added to the U.S. economy in August. Leisure and hospitality jobs were generally flat during the month after registering large jumps in past months. The unemployment rate also improved, falling by 0.2% to 5.2% for the month.
- Markit's latest U.S. services PMI retreated slightly in August from 55.2 to 55.1—a sign that rapid growth in services activity may be shifting to a slower pace amid labor shortages, rising inflation and supply-chain disruptions. Similarly, ISM's nonmanufacturing PMI reading deteriorated to 61.7 in August from 64.1 in July.
- Mortgage-purchase applications climbed by 1.0% for the week ending August 27, while refinancing applications diminished by 4.0%. The average interest rate on a 30-year fixed-rate mortgage held steady at 2.87%.
- The rate of initial jobless claims during the week ending August 28 decreased modestly to 340,000 from 354,000 in the previous week. Jobless claims continued to hover near recent pandemic lows, suggesting sustained healing in the labor market.

## Stocks

- Global equities closed higher during the week. Emerging markets led developed markets.
- U.S. equities were in positive territory. Health care and consumer staples were the top performers, while financials and energy lagged. Growth stocks led value stocks and small caps beat large caps.

## Bonds

- The 10-year Treasury bond yield increased to 1.32%. Global bond markets were in positive territory this week. High-yield bonds led, followed by global corporates and global government bonds.

The Numbers as of September 3, 2021	1 Week	YTD	1 Year	Friday's Close
<b>Global Equity Indexes</b>				
MSCI ACWI (\$)	1.1%	15.4%	28.8%	745.7
MSCI EAFE (\$)	1.5%	11.1%	25.6%	2384.9
MSCI Emerging Mkts (\$)	3.1%	1.6%	18.3%	1311.9
<b>US &amp; Canadian Equities</b>				
Dow Jones Industrials (\$)	-0.2%	15.6%	25.0%	35369.2
S&P 500 (\$)	0.6%	20.8%	31.3%	4536.6
NASDAQ (\$)	1.5%	19.2%	34.1%	15363.5
S&P/ TSX Composite (C\$)	0.9%	19.5%	26.6%	20829.5
<b>UK &amp; European Equities</b>				
FTSE All-Share (£)	0.0%	12.2%	25.6%	4120.5
MSCI Europe ex UK (€)	0.7%	19.5%	29.8%	1712.6
<b>Asian Equities</b>				
Topix (¥)	4.5%	11.7%	23.6%	2015.5
Hong Kong Hang Seng (\$)	1.9%	-4.9%	3.6%	25902.0
MSCI Asia Pac. Ex-Japan (\$)	3.0%	1.0%	16.5%	668.5
<b>Latin American Equities</b>				
MSCI EMF Latin America (\$)	-0.9%	0.6%	23.2%	2465.5
Mexican Bolsa (peso)	-1.2%	17.5%	42.2%	51800.3
Brazilian Bovespa (real)	-3.4%	-2.0%	15.8%	116596.3
<b>Commodities (\$)</b>				
West Texas Intermediate Spot	0.8%	42.8%	67.5%	69.3
Gold Spot Price	0.7%	-3.4%	-5.1%	1830.2
<b>Global Bond Indices (\$)</b>				
Barclays Global Aggregate (\$)	0.3%	-2.1%	0.7%	547.2
JPMorgan Emerging Mkt Bond	0.5%	0.6%	3.1%	939.4
<b>10-Year Yield Change (basis points*)</b>				
US Treasury	1	41	69	1.32%
UK Gilt	14	52	48	0.72%
German Bund	6	21	13	-0.36%
Japan Govt Bond	2	2	0	0.04%
Canada Govt Bond	-1	51	65	1.19%
<b>Currency Returns**</b>				
US\$ per euro	0.7%	-2.8%	0.2%	1.188
Yen per US\$	-0.1%	6.2%	3.3%	109.70
US\$ per £	0.7%	1.4%	4.4%	1.386
C\$ per US\$	-0.8%	-1.6%	-4.6%	1.253

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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