Weekly Update

Stocks Search for Direction

October 8, 2021

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The Economy

- U.S. stocks were choppy during the week ending October 8 but ultimately landed in positive territory after the U.S. Senate voted to raise the debt ceiling, boosting investor optimism as it overshadowed a surprisingly weak jobs report.
- Only 194,000 jobs (mostly leisure and hospitality roles) were added to the U.S. economy in September—missing expectations for the second consecutive month as the promise of higher pay rates fell short in enticing more Americans to return to work. The unemployment rate improved, falling by 0.4% to 4.8% for the month.
- Consumer credit advanced by a smaller-than-expected $14.4 billion in August, moderating from a $37.9 billion jump in June—primarily due to significantly slower vehicle sales as a surge in COVID-19 infection rates drove U.S. consumers to borrow less. Revolving credit (credit cards) rose by 4.0% during the month, while non-revolving credit (car and student loans) grew by 4.1%.
- Motor-vehicle sales eased to a 12.2 million annualized pace in September. In addition to the steep reduction in consumer spending, demand for cars decelerated as the global semiconductor chip shortage hampered automobile production.
- The U.S. Census Bureau reported that new factory orders advanced by 1.2% in August, suggesting ongoing progress for manufacturers despite a resurgence in COVID-19. The manufacturing sector has been a bright spot even as economic growth slowed in the third quarter due to shortages of materials and labor.
- Markit's latest U.S. services purchasing managers' index (PMI) retreated in September from 55.1 to 54.9—a sign that rapid growth in services activity may be shifting to a slower pace amid labor shortages, rising inflation and supply-chain disruptions. Meanwhile, a similar report by the Institute for Supply Management showed a modest improvement in nonmanufacturing services from 61.7 in to 61.9 the same period.
- The rate of initial jobless claims continued to hover near recent pandemic lows during the week ending October 2, decreasing from 364,000 to 326,000, which suggests sustained healing in the labor market.
- Mortgage-purchase applications fell by 2.0% for the week ending October 1, while refinancing applications dropped by 10.0%. The average interest rate on a 30-year fixed-rate mortgage inched lower from 3.01% to 2.99%.

Stocks

- Global equities closed higher during the week. Emerging markets led developed markets.
- U.S. equities were in positive territory. Energy and financials were the top performers, while health care and telecommunications lagged. Value stocks led growth stocks and small caps beat large caps.

Bonds

The 10-year Treasury bond yield increased to 1.60%. 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 October 8, 2021	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI ($)	0.8%	11.1%	23.8%	717.8
MSCI EAFE ($)	0.1%	5.5%	19.5%	2266.4
MSCI Emerging Mkts ($)	0.5%	-2.9%	12.2%	1253.3
US & Canadian Equities				
Dow Jones Industrials ($)	1.2%	13.5%	22.2%	34746.3
S&P 500 ($)	0.8%	16.9%	27.4%	4391.1
NASDAQ ($)	0.1%	13.1%	27.7%	14579.5
S&P/ TSX Composite (C$)	1.4%	17.2%	23.5%	20425.3
UK & European Equities				
FTSE All-Share (£)	0.4%	10.2%	20.6%	4046.7
MSCI Europe ex UK (€)	1.1%	14.6%	23.4%	1641.8
Asian Equities				
Topix (¥)	-1.2%	8.7%	18.5%	1961.9
Hong Kong Hang Seng ($)	1.1%	-8.8%	2.7%	24837.9
MSCI Asia Pac. Ex-Japan ($)	0.8%	-4.0%	10.0%	635.8
Latin American Equities				
MSCI EMF Latin America ($)	-2.7%	-10.3%	15.7%	2199.9
Mexican Bolsa (peso)	0.2%	16.1%	33.2%	51142.5
Brazilian Bovespa (real)	0.1%	-5.1%	15.4%	112964.9
Commodities ($)				
West Texas Intermediate Spot	4.6%	63.6%	92.7%	79.4
Gold Spot Price	-0.1%	-7.2%	-6.7%	1758.6
Global Bond Indices ($)				
Barclays Global Aggregate ($)	-0.4%	-4.2%	-1.0%	535.2
JPMorgan Emerging Mkt Bond	-0.3%	-1.9%	2.5%	916.1
10-Year Yield Change (basis points*)				
US Treasury	14	69	82	1.60%
UK Gilt	16	96	87	1.16%
German Bund	7	42	37	-0.15%
Japan Govt Bond	3	7	5	0.09%
Canada Govt Bond	16	95	101	1.63%
Currency Returns**				
US$ per euro	-0.2%	-5.3%	-1.6%	1.157
Yen per US$	1.1%	8.7%	5.9%	112.24
US$ per £	0.5%	-0.4%	5.2%	1.362
C$ per US$	-1.4%	-2.0%	-5.5%	1.247

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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