

April 2021

# Demarche Dashboard

A Flash Report on Markets and the Economy



Data and Commentary for Periods Ended 4/30/2021

## Global Overview

The U.S. markets continued to outperform international developed and emerging markets in April. This was primarily the result of ongoing progress with vaccination efforts and positive economic results as compared to the rest of the global economy. Domestic equity markets continued to hover at all-time highs during the month as U.S. GDP increased at a +6.4% annual rate during the first quarter, compared to the Eurozone contracting -0.6%. The broader domestic equity markets, as seen in the S&P 500 Index, returned 5.3% during the month and 46.0% during the last 12 months. The growth-oriented indices regained their leadership in April as the Russell 1000 Growth Index returned 6.8% during the month, as compared to the 4.0% return in the Russell 1000 Value Index. International developed markets trailed the U.S., with the MSCI EAFE Index returning 3.0% for the month and 39.9% during the last 12 months as COVID-related lockdowns continued to negatively impact the service industries. With India and Brazil experiencing a significant spike in COVID-19 cases, the MSCI Emerging Markets Index lagged the rest of the globe in April, returning 2.5% for the month while still posting a strong 48.7% return over the last 12 months.

## U.S. Markets & Economy

Both domestic equity and fixed income markets continued to be driven by positive economic news including better than expected first quarter earnings. As seen on the next page in the Chart of the Month, 87% of companies in the S&P 500 Index reported first quarter earnings exceeding consensus expectations. On average, the earnings surprises beat expectations by more than 20% of the consensus estimate. The market was also buoyed by the Fed's promise to maintain the federal funds rate near zero and to continue to purchase U.S. Treasuries and mortgage-backed securities until substantial further progress has been made toward reaching maximum employment and the targeted 2% inflation rate. The Fed is planning on giving plenty of advanced warning before reducing their bond purchases in order to avoid a bond-market selloff similar to the "taper tantrum" of 2013, which occurred the last time the Fed signaled a reduction in asset purchases. The market has recently increased its focus on the Fed's 2% targeted inflation rate as the PCE Price Index has increased by 2.3% year-over-year, while the Core PCE Price Index increased by 1.8% during the last 12 months. It appears the Fed would rather risk a bit of transitory inflation than to risk derailing economic expansion. Additional U.S. economic news included President Biden's \$1.8 billion stimulus package proposal, which would increase government funding for education and childcare, while increasing the top marginal tax rate for the wealthiest Americans. Initial jobless claims declined to 553,000 for the week of April 24<sup>th</sup>, as pandemic-related job losses continued to decline. The Consumer Confidence Index improved in April, increasing to 121.7 for the month vs. 109.0 in March, approaching the 132.6 pre-pandemic level from February 2020.

Returns in the bond market were positively affected by the Fed's continued supportive stance, resulting in a downward-shifting yield curve that pushed the 10-year Treasury down 11 bps to 1.63%. Inflation expectations remained stable as the 10-Year TIPs breakeven inflation rate remained at 2.4% for the month. The Bloomberg Barclays U.S. Aggregate Index returned 0.8% during the month of April, and the ICE BofA U.S. High Yield Index returned 1.1% for the month.

## International Markets & Economy

In international developed markets, the MSCI EAFE index posted a 3.0% return for the month of April, with growth stocks rotating back in favor over value stocks. The IHS Markit Manufacturing PMI in the Eurozone was 62.9 in April,

# DeMarche Dashboard

Data and Commentary for Periods Ended 04/30/2021

April 2021

Page 2 of 6

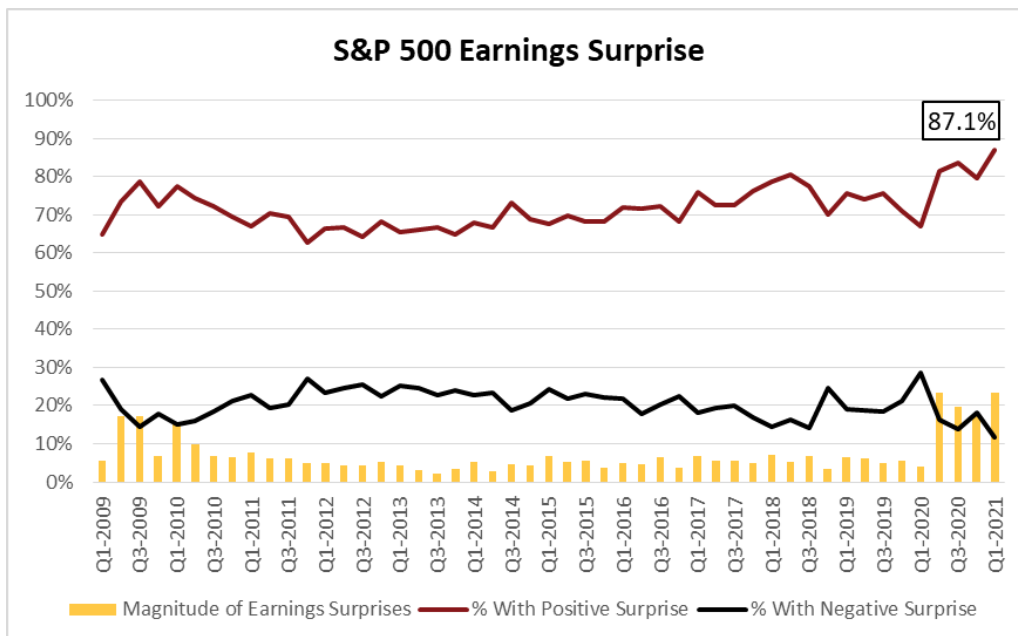
which is the highest reading ever recorded since survey data began in 1997. The service sector showed improvement as the Flash Eurozone Services PMI was 50.3, which is the first sign of growth in eight months. The ECB met in April and made no changes, as they continue their quantitative easing, and bond purchases are expected to increase in pace. Japanese equities fell 1.5% in April as COVID-19 cases spiked in the country. Japan's central government declared a third state of emergency and many worried that Japan's economic recovery would be stalled as the government is taking extra precautions leading up to this summer's Olympic Games in Tokyo.

Emerging markets bounced back from a negative March with the MSCI EM index returning 2.5% in April. The MSCI EM Index is trailing both U.S. and International Developed market indices year to date. China lagged the broader EM index again as manufacturers reported bottlenecks, and input costs increased at the fastest rate since 2017. Commodity exporters like Brazil and Saudi Arabia benefitted from the rise in commodity prices, while Russian equities fell due to tensions surrounding activity on the Ukraine border that came to a head in the month. Taiwan equities increased 7.7% during the month as Taiwan has been one of the key benefactors of a global chip shortage that is driving higher demand for products from the tech-centric Taiwanese equity market.

## In the News

The first round of 2020 U.S Census results were published in April, signaling which states are expected to gain and lose seats in the U.S. House of Representatives. The transition of political power away from the Rust Belt and into the Sun Belt continued as it has been for the last several decades. This is the fifth consecutive census apportionment in which New York, Pennsylvania, Illinois, Ohio, and Michigan all lost at least one seat in the U.S. House of Representatives. It also marks the first census in U.S. history in which the state of California will lose a seat in the House. West Virginia is the other state that will lose a seat. Texas will gain two seats, while Florida, North Carolina, Colorado, Oregon, and Montana will each gain one seat. The apportionment of House seats shows a shift in power from historically Democratic states to states that have historically voted more Republican, or a mix of the two political parties.

## Chart of the Month



Source: Yardeni Research

# DeMarche Dashboard

Data and Commentary for Periods Ended 04/30/2021

April 2021

Page 3 of 6

## Capital Markets Overview

	TRAILING			ANNUALIZED				
	1-Mo	3-Mo	YTD	1-Yr	3-Yr	5-Yr	10-Yr	
Broad Market	MSCI World NR USD	4.65	10.91	9.80	45.33	14.10	14.03	9.92
	BBgBarc US Agg Bond TR USD	0.79	(1.91)	(2.61)	(0.27)	5.19	3.19	3.39
	Russell 3000 TR USD	5.15	12.33	11.83	50.92	18.95	17.67	14.03
	DJ Industrial Average TR USD	2.78	13.52	11.30	42.12	14.52	16.48	12.95
	NASDAQ Composite PR USD	5.40	6.82	8.34	57.07	25.49	23.93	17.13
	MSCI EAFE NR USD	3.01	7.74	6.59	39.88	6.27	8.87	5.22
	FTSE Treasury Bill 3 Mon USD	0.00	0.01	0.02	0.13	1.41	1.15	0.60
Bloomberg Commodity TR USD	8.29	12.82	15.78	48.52	1.62	2.26	(5.85)	
Domestic Equities	S&P 500 TR USD	5.34	12.98	11.84	45.98	18.67	17.42	14.17
	S&P MidCap 400 TR	4.50	16.82	18.58	67.90	15.18	15.10	12.11
	S&P SmallCap 600 TR USD	2.04	13.51	20.65	76.85	14.09	15.79	12.91
	Russell 1000 TR USD	5.38	12.54	11.61	49.48	19.24	17.76	14.23
	Russell 1000 Growth TR USD	6.80	8.61	7.81	51.41	25.37	22.88	17.02
	Russell 1000 Value TR USD	4.00	16.77	15.70	45.92	12.30	12.15	11.13
	Russell Mid Cap TR USD	5.10	13.95	13.65	59.57	16.71	15.58	12.69
	Russell Mid Cap Growth TR USD	5.62	5.37	5.02	53.97	21.99	19.70	14.33
	Russell Mid Cap Value TR USD	4.84	18.79	18.52	60.70	12.27	12.18	11.31
	Russell 2000 TR USD	2.10	9.55	15.07	74.91	15.23	16.48	11.63
	Russell 2000 Growth TR USD	2.18	2.23	7.16	69.15	17.97	18.89	12.86
	Russell 2000 Value TR USD	2.02	17.44	23.62	78.96	11.68	13.54	10.10
International Equities	MSCI ACWI Ex USA NR USD	2.94	6.31	6.54	42.98	6.98	9.83	4.73
	MSCI EAFE NR USD	3.01	7.74	6.59	39.88	6.27	8.87	5.22
	MSCI EAFE Growth NR USD	4.21	5.05	3.62	38.35	10.81	11.34	7.02
	MSCI EAFE Value NR USD	1.91	10.36	9.50	40.95	1.46	6.15	3.26
	MSCI Japan NR USD	(1.52)	1.03	0.02	30.57	5.54	9.14	7.00
	MSCI AC Asia Ex Japan NR USD	2.48	1.12	5.25	47.95	9.51	14.55	6.52
	MSCI Europe NR USD	4.54	10.41	8.81	43.05	6.25	8.62	4.74
	MSCI United Kingdom NR USD	4.38	11.11	10.84	32.58	0.78	4.51	3.00
	MSCI EAFE Small Cap NR USD	4.02	9.11	8.70	52.63	7.24	10.87	7.88
MSCI EM NR USD	2.49	1.71	4.83	48.71	7.51	12.50	3.59	
Fixed Income	BBgBarc US Govt/Credit TR USD	0.88	(2.42)	(3.44)	(0.46)	5.60	3.45	3.66
	BBgBarc US Govt/Credit Interm TR USD	0.50	(1.10)	(1.37)	1.09	4.71	2.80	2.81
	BBgBarc US Govt/Credit Long TR USD	1.96	(5.86)	(8.65)	(4.45)	8.54	5.62	6.95
	ICE BofA US High Yield TR USD	1.10	1.62	2.01	20.10	6.68	7.33	6.27
	Credit Suisse HY USD	0.43	1.35	1.35	24.14	6.27	7.87	6.22
	S&P/LSTA Leveraged Loan TR	0.51	1.10	2.30	16.10	4.16	4.98	4.24
	FTSE WGBI NonUS USD	1.40	1.72	3.78	42.28	8.34	12.08	6.56
	BBgBarc Gbl Agg Ex USD TR	1.40	1.72	3.78	42.28	8.34	12.08	6.56
REITs	FTSE Nareit All REITs TR	7.89	17.23	17.04	35.47	12.97	9.19	9.58
	Wilshire US REIT TR USD	8.03	16.93	17.55	34.24	11.36	7.19	8.70

USD - US dollar priced index TR - Total Return PR - Price Return LCL - Local Currency Priced Index NR - Return includes reinvested net dividends

Source: Morningstar

For Institutional Use Only

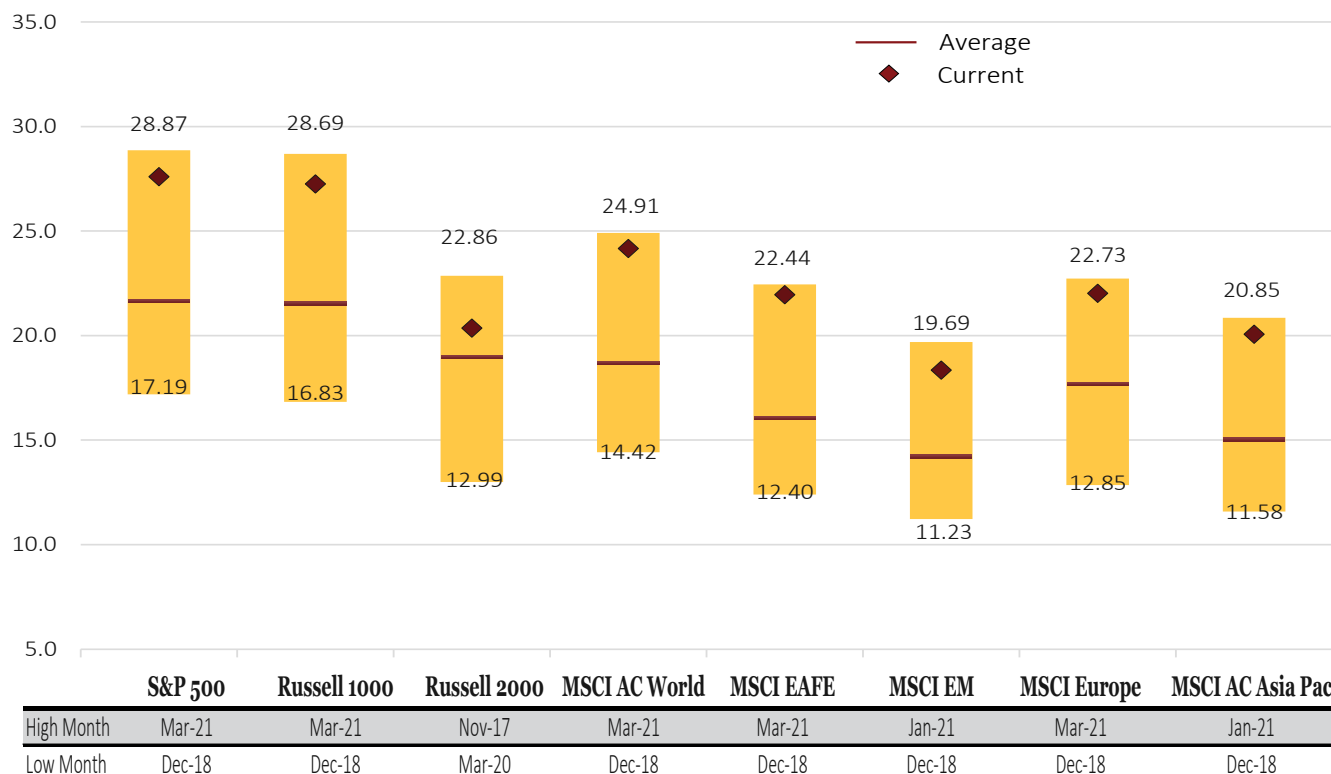
# DeMarche Dashboard

Data and Commentary for Periods Ended 04/30/2021

April 2021

Page 4 of 6

## Current P/E vs. Trailing 5-Year High, Low, Average



Source: Morningstar

## Economic Indicators

	GDP			Unemployment Rate	Interest Rates	Exchange Rates per US \$		Inflation <sup>2</sup>
	Latest	2021 <sup>1</sup>	2022 <sup>1</sup>	(Most recently available)	Sovereign Bonds, 10 Year	Current	1 Year Ago	(Most recently available)
<b>United States</b>	6.40	6.50	4.00	6.00	1.63	-	-	2.60
<b>China</b>	0.60	7.80	4.90	5.30	3.22	6.47	7.06	0.40
<b>Japan</b>	2.80	2.70	1.80	2.60	0.09	107.94	107.65	-0.20
<b>United Kingdom</b>	1.30	5.10	4.70	4.90	0.84	1.38	1.26	0.70
<b>Euro Area</b>	-0.60	3.90	3.80	8.10	0.15	1.20	1.09	1.60
<b>Germany</b>	-1.70	3.00	3.70	4.50	-0.20	1.20	1.09	2.00
<b>France</b>	0.40	5.90	3.80	8.00	0.16	1.20	1.09	1.30
<b>Italy</b>	-0.40	4.10	4.00	10.10	0.86	1.20	1.09	1.10
<b>Canada</b>	2.30	4.70	4.00	7.50	1.55	1.25	1.40	2.20
<b>India</b>	7.90	12.60	5.40	6.50	6.03	74.52	76.17	5.52
<b>Mexico</b>	0.40	4.50	3.00	3.90	6.93	20.17	23.98	4.67
<b>Brazil</b>	3.20	3.70	2.70	14.40	9.13	5.50	5.45	6.10

Sources: (Most recently available data) St. Louis Federal Reserve, The Wall Street Journal, OECD, Trading Economics

1. Forecasted data from OECD

2. In terms of CPI All Items

# DeMarche Dashboard

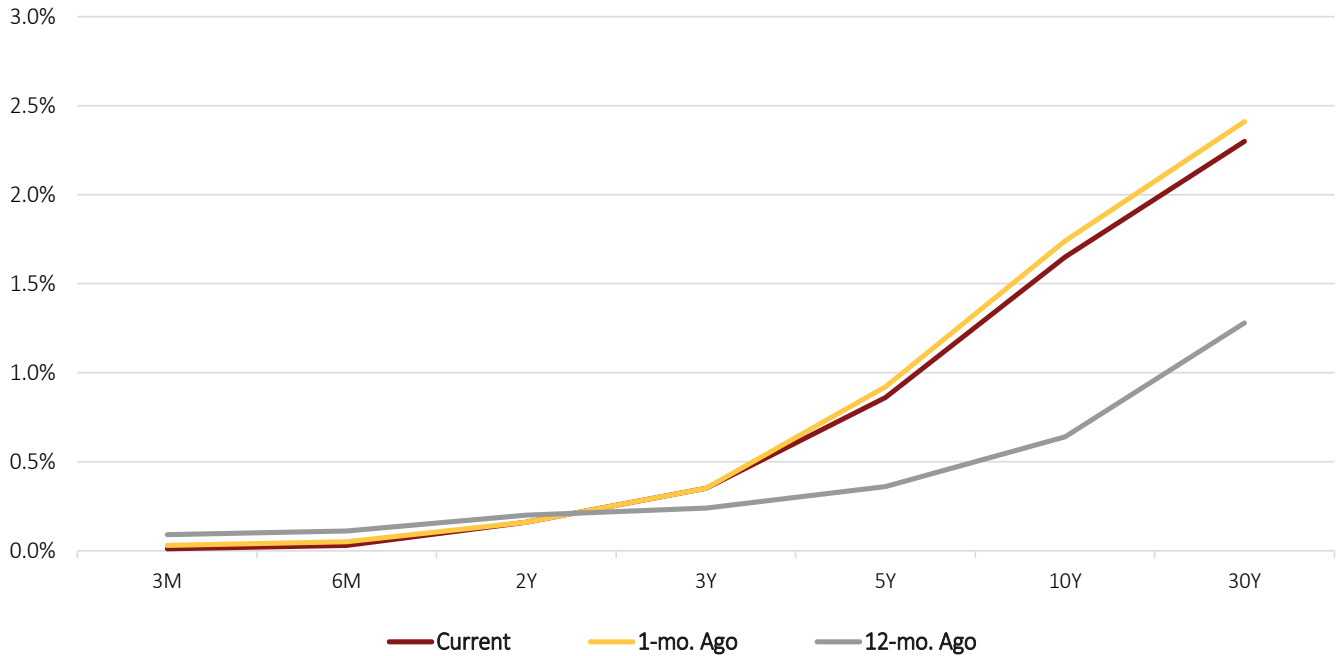
Data and Commentary for Periods Ended 04/30/2021

April 2021

Page 5 of 6

## U.S. Treasury Yield Curves

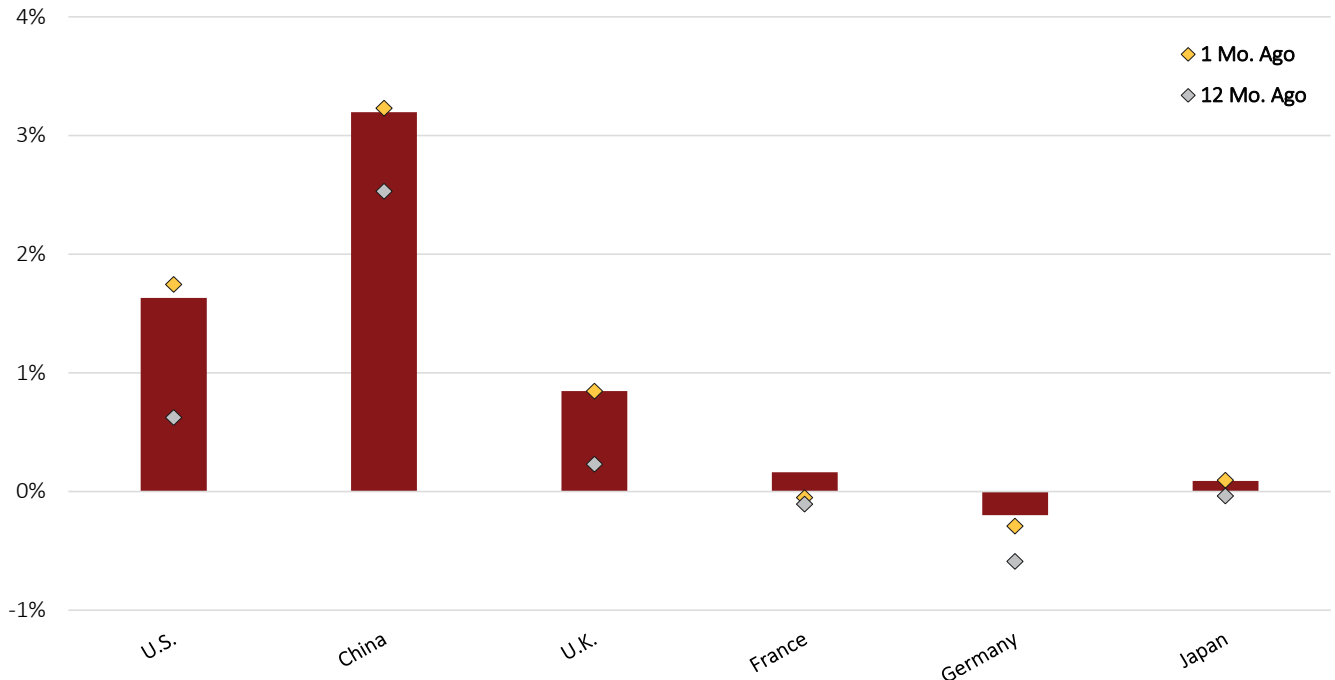
as of 04/30/2021



Source: Federal Reserve Bank, Bank of England, European Central Bank, Trading Economics

## 10-Year Sovereign Yields

as of 04/30/2021 (most recently available)



Source: Trading Economics

# DeMarche Dashboard

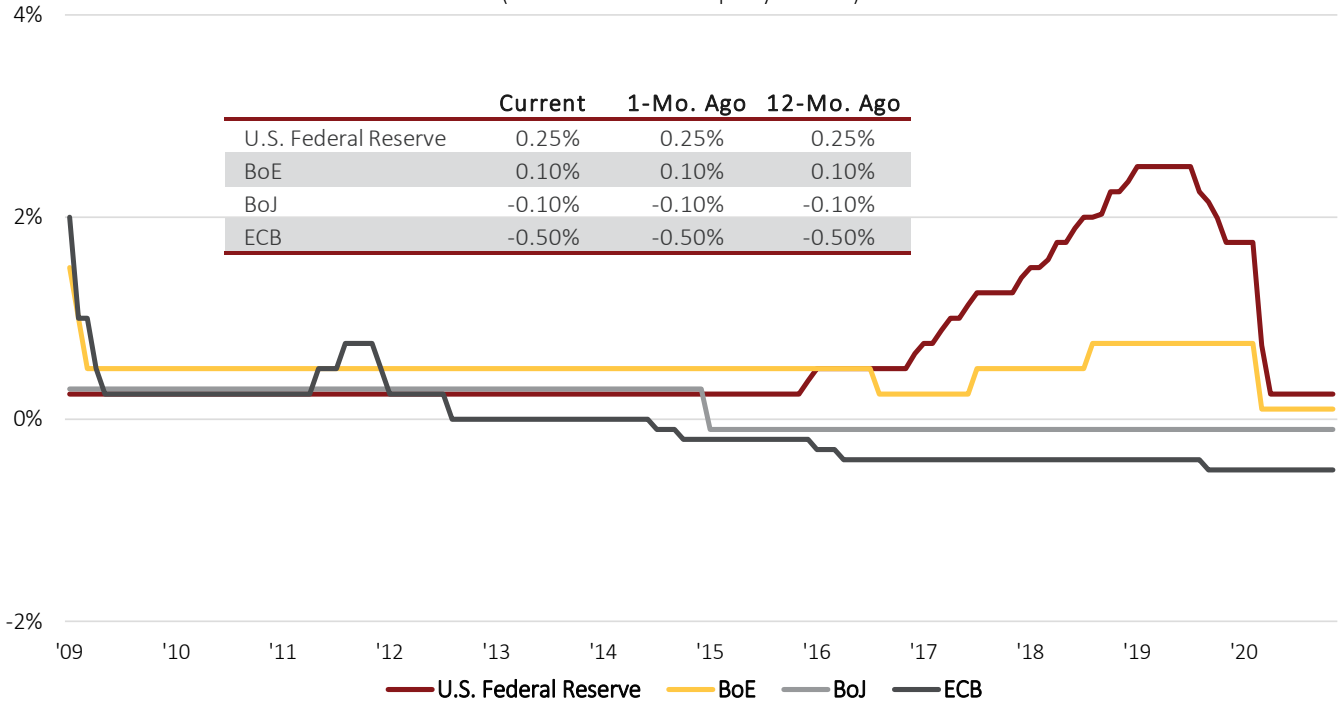
Data and Commentary for Periods Ended 04/30/2021

April 2021

Page 6 of 6

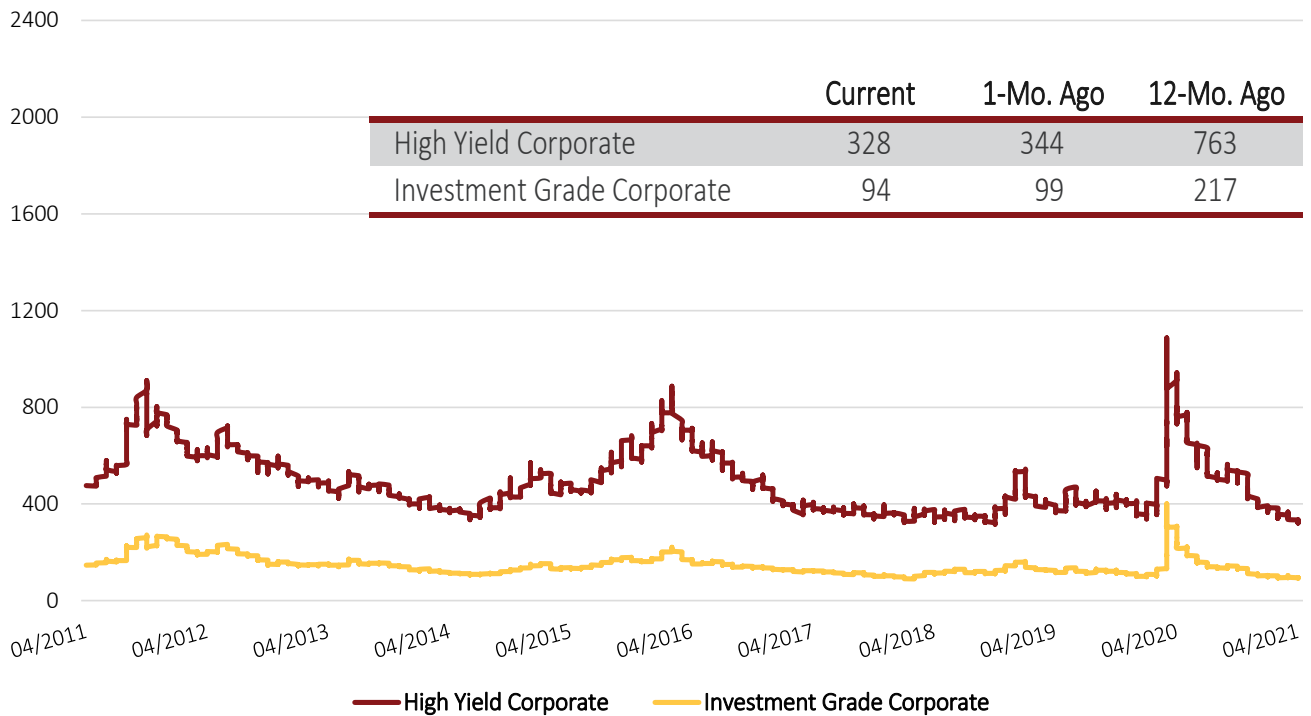
## Central Bank Policy Rates

(as of the most current policy decision)



Source: Federal Reserve Bank, Bank of England, European Central Bank, Trading Economics

## Corporate Bond Average Spread (bps)



Source: Federal Reserve Bank, Bank of America