

Weekly Update

Equities Enjoy Record-Setting Week

April 9, 2021

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The Economy

- U.S. stocks rallied during the week ending April 9 as a surge in technology names pushed the S&P 500 Index (a broad measure of equity markets) to a record high during the week. Financial markets also benefited from investor sentiment having improved on accelerating jobs growth and easing pandemic-related restrictions in the U.S.
- Markit's U.S. purchasing managers' index (PMI) showed that services activity during March further expanded to 60.4 from 59.8 in February. ISM's nonmanufacturing PMI revealed a similar degree of improvement, rebounding to 63.7 in March from 55.3. The sector's rebound came as companies added workers and increased orders for materials despite the pandemic after having been challenged by unseasonably cold temperatures in February.
- The U.S. Census Bureau reported a 0.8% drop in new factory orders for February due to cold weather. Still, the overall conditions for U.S. manufacturing remained favorable, suggesting ongoing progress for manufacturers notwithstanding a resurgence in COVID-19 infection rates.
- Consumer credit expanded to \$27.6 billion in February—the highest level since 2017—indicating that consumers are feeling more confident about economic recovery. Lifting pandemic-related restrictions provided a tailwind for consumer borrowing. Non-revolving credit, which includes car and student loans, grew by \$19.5 billion, the largest increase since June 2020.
- Producer prices inched 0.1% higher in March (as measured by the Department of Labor's producer-price index, which tracks the average change in prices that producers receive for goods and services). This suggests that inflation may gain traction in the near term.
- The stubbornly high rate of initial jobless claims swelled by 16,000 to 744,000 during the week ending April 3. However, other recent measures have shown labor-market improvement: U.S. employers added 916,000 jobs in March, for example, pushing the unemployment rate down from 6.2% to 6.0%.
- The number of U.S. job openings (a measure of labor demand) improved by 27,000 to 7.36 million in February, according to the Department of Labor, also indicating a strengthening labor market.
- Mortgage-purchase applications fell by 5.0% for the week ending April 2. In the same period, refinancing applications slipped by 5.1% and the average interest rate on a 30-year fixed-rate mortgage inched lower from 3.18% to 3.13%. Higher mortgage rates have hurt the refinancing market in recent weeks.
- China's Caixin PMI showed that the country's services activity expanded to 54.3 in March from 51.5 in February.
- The eurozone unemployment rate increased from 8.1% in January to 8.3% in February. Lockdowns continue to weigh on labor markets in the region.

Stocks

- Global equity markets closed higher for the week. Developed markets led emerging markets.
- U.S. equities were in positive territory. Information technology and consumer discretionary were the top performers, while energy and materials lagged. Growth stocks led value, and large caps beat small caps.

Bonds

- The 10-year Treasury bond yield moved lower to 1.66%. Global bond markets were in positive territory this week. Global government bonds led, followed by global corporate bonds and high-yield bonds.

The Numbers as of April 9, 2021	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI (\$)	1.7%	7.2%	47.5%	692.6
MSCI EAFE (\$)	1.8%	5.4%	40.8%	2262.7
MSCI Emerging Mkts (\$)	0.4%	4.0%	51.3%	1343.4
U.S. & Canadian Equities				
Dow Jones Industrials (\$)	2.0%	10.5%	42.5%	33805.5
S&P 500 (\$)	2.5%	9.7%	47.7%	4120.0
NASDAQ (\$)	3.1%	7.8%	70.5%	13899.5
S&P/TSX Composite (C\$)	1.2%	10.2%	35.6%	19216.0
U.K. & European Equities				
FTSE All-Share (£)	2.6%	7.5%	22.2%	3949.5
MSCI Europe ex UK (€)	0.8%	9.5%	34.3%	1569.3
Asian Equities				
Topix (¥)	-0.6%	8.6%	38.3%	1959.5
Hong Kong Hang Seng (\$)	-0.8%	5.4%	18.1%	28698.8
MSCI Asia Pac. Ex-Japan (\$)	0.6%	4.7%	52.2%	693.2
Latin American Equities				
MSCI EMF Latin America (\$)	4.0%	-3.2%	40.3%	2372.1
Mexican Bolsa (peso)	1.0%	8.3%	38.1%	47725.9
Brazilian Bovespa (real)	2.2%	-1.0%	51.6%	117800.7
Commodities (\$)				
West Texas Intermediate Spot	-3.5%	22.2%	160.6%	59.3
Gold Spot Price	0.9%	-7.9%	3.6%	1745.1
Global Bond Indexes (\$)				
Barclays Global Aggregate (\$)	0.8%	-3.6%	5.1%	538.5
JPMorgan Emerging Mkt Bond	0.6%	-3.8%	13.9%	897.9
10-Year Yield Change (basis points*)				
US Treasury	-6	75	94	1.66%
UK Gilt	-2	58	47	0.77%
German Bund	3	27	5	-0.30%
Japan Govt Bond	-2	9	9	0.11%
Canada Govt Bond	-1	82	74	1.50%
Currency Returns**				
US\$ per euro	1.2%	-2.6%	8.9%	1.190
Yen per US\$	-0.9%	6.2%	1.1%	109.65
US\$ per £	-0.9%	0.3%	10.1%	1.371
C\$ per US\$	-0.4%	-1.5%	-10.4%	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.

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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