

Market Pulse

Jeff Terrell, CFA
Senior Investment Strategy Analyst

Chip Hughey, CFA
Managing Director, Fixed Income

Dylan Kase, CFA
Investment Strategy Analyst

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In focus

Markets have a lot to digest over the weeks to come.

- Several Federal Reserve (Fed) officials' speeches last week shifted tapering expectations to the November meeting. Delta variant concerns amid mixed economic data could nudge a tapering decision back by a meeting or two. Consumer Price Index (CPI) data this week will be critical at next week's Fed meeting.
- This weekend, the House provided details about its proposed infrastructure plan and how it plans to pay for the spending, which includes tax increases. The tax hikes in the plan aren't as much as previously estimated or originally proposed by President Biden. Negotiations will likely be complicated by the debate over raising the debt ceiling to fund the federal government beyond October 1.
- The economy and earnings both remain in recovery mode, but the confluence of potential short-term concerns could collectively serve as a catalyst for a pause in the recent march higher, which has seen new records for 41% of Q3 trading days. The 213 trading days since the S&P 500 has seen a 5% drawdown is the ninth longest in 90 years. However, since 1980, there have only been two years without at least a 5% pullback, so it would be normal to see a pullback before year end. That said, it is more important to focus on the primary trend, which is higher in our view.

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A look back

- Global markets edged lower, with weakness in U.S. stocks centering around concerns for slowing economic and earnings growth. Japanese shares added to gains from the prior week following the abrupt resignation of Prime Minister Suga.
- Treasury yields were flat as investors digested mixed economic data. Next week's Fed meeting, where tapering discussions are on the table, will also be in focus after the recent slate of data.
- Crypto assets endured a tumultuous week with concerns about increasingly aggressive regulation.

A look ahead

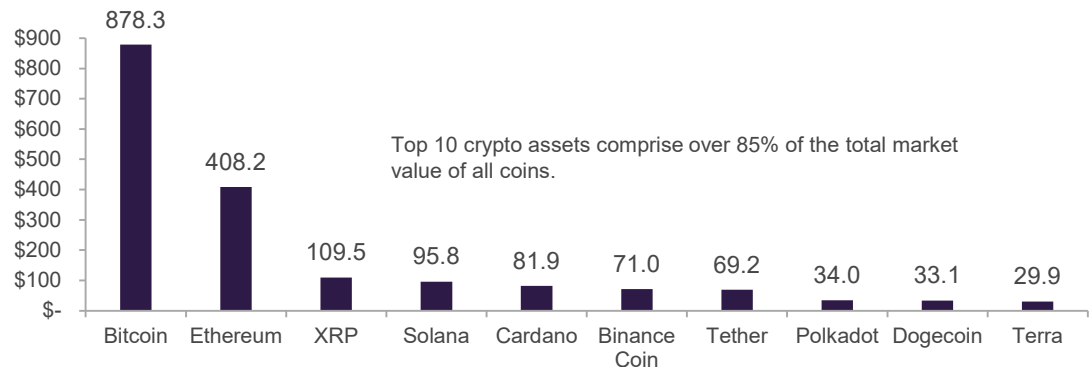
- The House begins its final push for its infrastructure and reconciliation bills by September 27. Negotiations have already begun trimming previous corporate and capital gains tax provisions.
- The Senate will await the House bills with the division between moderates and progressives expected to persist, raising potential risks for a government shutdown.
- Economic releases: NFIB Small Business Optimism, Inflation (CPI), Industrial Production, Retail Sales, U of Michigan Consumer Sentiment.

Chart of the week – Crypto assets are concentrated in the top 10

Cryptocurrency assets across all types of coin platforms currently number roughly 10,000 coins with a combined market value of \$2.1 trillion, slightly larger than the market value of the U.S. high yield bond market. Yet, the top 10 coins/tokens combined represent over 85% of the total market value of all coins and the top 20 represent over 96%.

Three primary catalysts would contribute to the legitimacy of this as a potential asset class: regulatory clarity, commercial adoption, and institutional acceptance. Broader commercial and institutional adoption are somewhat dependent on the combined response from a host of regulators, especially the SEC, whose recent actions have been somewhat aggressive.

Top 10 crypto assets by market cap in billions



Data Source: Truist IAG, CoinMarketCap

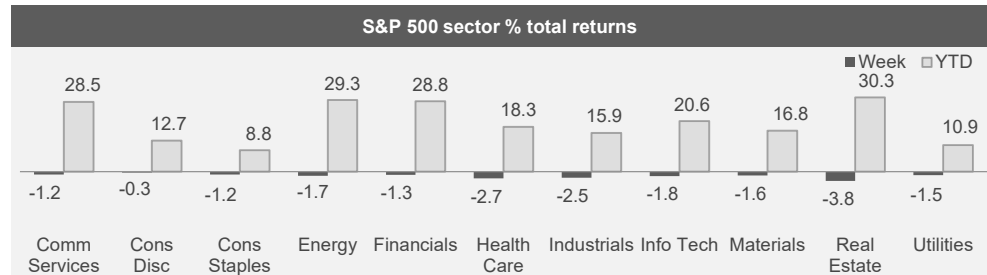
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As of September 10, 2021

Index % Total Return	Week	MTD	QTD	YTD	1 Yr
MSCI ACWI (net)	-1.21	-0.48	2.71	15.35	32.21
S&P 500	-1.68	-1.37	4.04	19.91	35.39
MSCI EAFE (net)	-0.31	1.18	3.74	12.90	28.27
MSCI Emerging Markets (net)	-0.47	0.09	-4.20	2.94	22.89
Dow Jones Industrials	-2.11	-2.06	0.74	14.63	28.02
NASDAQ Composite	-1.61	-0.94	4.22	17.28	38.25
S&P U.S. REIT	-4.12	-2.24	4.35	26.41	37.43
Bloomberg Commodity Index	-0.01	1.17	2.72	24.44	35.75
Bloomberg Aggregate	0.02	-0.05	0.88	-0.74	-0.21
ICE BofA US High Yield	0.12	0.31	1.21	4.96	10.86
Bloomberg Municipal Bond Blend 1-15 Year	0.02	-0.03	0.50	1.07	2.49
ICE BofA Global Government xUS (USD Unhedged)	-0.37	0.08	1.14	-5.12	-0.75
ICE BofA Global Government xUS (USD Hedged)	-0.07	-0.13	0.99	-0.99	0.35
JP Morgan EMBI Global Diversified	0.00	0.17	1.57	0.90	4.19

Rates (%)	9/10/21	6/30/21	3/31/21	12/31/20	9/30/20
Fed Funds Target	0.25	0.25	0.25	0.25	0.25
Libor, 3-Month	0.11	0.14	0.19	0.23	0.23
T-Bill, 3-Month	0.04	0.05	0.02	0.07	0.10
2-Year Treasury	0.21	0.25	0.16	0.11	0.13
5-Year Treasury	0.81	0.87	0.93	0.36	0.27
10-Year Treasury	1.33	1.44	1.73	0.91	0.68
30-Year Treasury	1.93	2.06	2.42	1.64	1.45
Bloomberg Aggregate (YTW)	1.44	1.50	1.61	1.12	1.18
Bloomberg Municipal Bond Blend 1-15 Year	0.71	0.76	0.87	0.77	0.96
ICE BofA US High Yield	3.85	3.85	4.27	4.24	5.76
Currencies	9/10/21	6/30/21	3/31/21	12/31/20	9/30/20
Euro (\$/€)	1.18	1.19	1.18	1.22	1.17
Yen (¥/\$)	109.84	110.99	110.50	103.25	105.53
Pound (\$/£)	1.39	1.38	1.38	1.37	1.29
Commodities	9/10/21	6/30/21	3/31/21	12/31/20	9/30/20
Crude Oil (WTI)	69.72	73.47	59.16	48.52	40.22
Gold	1,792	1,772	1,716	1,895	1,896
Volatility	9/10/21	6/30/21	3/31/21	12/31/20	9/30/20
CBOE VIX	20.95	15.83	19.40	22.75	26.37

U.S. style % total returns (S&P indexes)						
Week			YTD			
Value	Core	Growth	Value	Core	Growth	
-1.77	-1.68	-1.60	17.23	19.91	22.23	Large
-3.06	-2.66	-2.20	21.75	17.43	13.23	Mid
-3.38	-3.11	-2.81	22.63	19.49	16.46	Small



Data Source: Truist, FactSet

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S&P 500 Index is comprised of 500 widely-held securities considered to be representative of the stock market in general. S&P 500 Information Technology Index —a capitalization-weighted index that is composed of those companies included in the S&P 500 that are classified as members of the information technology sector based on GICS® classification. The CBOE Volatility Index® (VIX®) is a measure of market expectations of near-term volatility conveyed by S&P 500 stock index option prices.

MSCI ACWI Index (MSCI All Country World) is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The MSCI ACWI consists of 45 country indices comprising 24 developed and 21 emerging market country indices.

MSCI EAFE Index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the U.S. & Canada.

MSCI EM Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets.

Bloomberg Barclays Global Aggregate Index is an index of investment grade debt including treasury, government-related, corporate and securitized debt, from 24 local currency benchmarks.

Dow Jones Industrial Average is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the Nasdaq.

The ICE BofAML U.S. High Yield Index tracks the performance of below investment grade, but not in default, U.S. dollar denominated corporate bonds publicly issued in the U.S. domestic market, and includes issues with a credit rating of BBB or below, as rated by Moody's and S&P.

The Bloomberg Barclays Municipal Bond Blend 1-15 Year (1-17 Yr) is an index of municipal bonds with a minimum credit rating of at least Baa, issued as part of a deal of at least \$50 million, that have a maturity value of at least \$5 million and a maturity range of 12 to 17 years.

The Bloomberg Dollar Spot Index tracks a basket of 10 leading global currencies versus the U.S. dollar.

The ICE BofAML Global Government ex U.S. Index tracks the performance of publicly issued investment grade sovereign debt denominated in the issuer's own domestic currency excluding all securities denominated in U.S. dollars.

JP Morgan EMBI Global Diversified index includes only USD-denominated emerging markets sovereign bonds and the traditional, market capitalization weighted method for country allocation is modified to limit the weights of index countries with larger debt loads by only including a specified portion of the eligible fact amounts of the debt outstanding.

The Bloomberg Commodity Index is a composition of futures contracts on physical commodities in five sectors including energy, agriculture, industrial metals, precious metals and livestock.

The S&P U.S. REIT index measures the investable universe of publicly traded real estate investment trusts domiciled in the United States.

IA SBB1 U.S. Large Stock Index measures the total return of U.S. large cap stocks on a monthly basis.

IA SBB1 Intermediate-Term Government Bond Index measures the total return of U.S. intermediate-term government bonds on a monthly basis.

IA SBB1 U.S. 30-day T-Bill index measures the total return of T-Bills with a maturity of one month on a monthly basis.

The S&P 500 High Beta index measures the performance of 100 constituents in the S&P 500 that are the most sensitive to changes in market returns.

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