

Market Pulse

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In focus

Global markets have come under pressure and U.S. markets are set to open sharply lower due to a debt crisis at China Evergrande Group, a property developer in China. While this is likely to result in sloppiness in markets, it is unlikely to plunge the Chinese economy into recession or develop into a broader contagion event. That said, the real estate sector has been part of the broader crackdown on private companies by the Chinese government, and is a key reason we remain underweight international markets.

As the carousel of concerns continues to turn, one of the concerns that will be in focus this week is the Federal Reserve's (Fed) tapering debate as the interest rate-setting FOMC meets on Tuesday and Wednesday. This will be followed by a press conference by Fed Chair Powell. Market participants will be looking for any change in tune regarding the timeline for the start of tapering in the wake of some mixed economic data, which showed inflation cooling slightly, retail sales rising unexpectedly, weekly jobless claims coming in a little higher than expected, and University of Michigan Sentiment remaining weak and below consensus forecasts. Additionally, our macro team recently pushed off a quarter point of expected economic growth from 2021 to 2022. We now expect roughly 6.2% economic growth for this year and a healthy 4.5% clip next year. However, we don't expect this to derail the Fed's taper plans. While it is our view that the Fed won't be specific about taper this week, most voting members on the FOMC have stated that they expect it to start this year.

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A look back

- Global markets edged lower for a second week, driven by declines in U.S., international developed, and emerging market stocks. The S&P 500 saw its first back-to-back weekly decline since May.
- Shares in emerging markets came under pressure due to a debt crisis at China Evergrande Group, where government authorities told banks that they won't receive an interest payment on loans due Monday.
- The government in Macau announced a 45-day review of the casino industry, sparking a steep selloff in casino stocks.

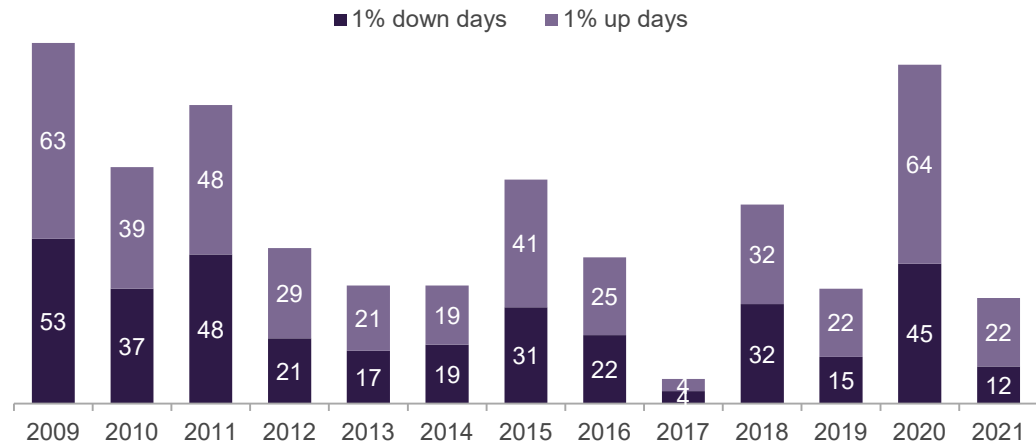
A look ahead

- The interest rate-setting Federal Open Market Committee (FOMC) will meet on Tuesday and Wednesday, followed by a press conference by Fed Chair Jerome Powell. Investors will be dialed in for any change in tune regarding tapering after the recent spate of economic data.
- On Friday, Fed Chair Powell will give a speech on the economic recovery from the pandemic.
- Economic releases: Building Permits, Housing Starts, New & Existing Home Sales, FOMC rate decision, and Markit Manufacturing & Services.

Chart of the week – Number of days with a 1% move in the S&P 500

Despite a rockier start to September, the S&P 500 has seen the fewest number of 1% daily moves since 2017. So far, there have been 34 days with at least a 1% move – 22 advances and 12 declines. This compares to the annual average of 60 daily moves of 1% since 2009. The S&P 500 has not seen a 1% daily decline since August, while it has not seen a 1% gain since July.

S&P 500 – Number of 1% up and down days



Data Source: Truist IAG, FactSet. Data through 9/17/21.

Wealth

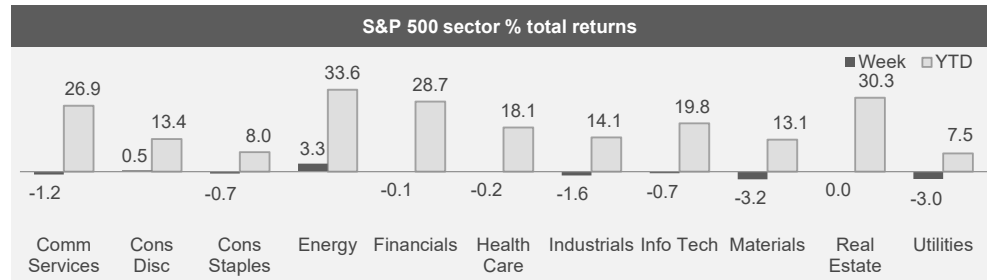
Market Pulse

As of September 17, 2021

Index % Total Return	Week	MTD	QTD	YTD	1 Yr
MSCI ACWI (net)	-0.97	-1.44	1.72	14.23	29.84
S&P 500	-0.54	-1.91	3.48	19.26	33.89
MSCI EAFE (net)	-1.38	-0.22	2.31	11.34	25.57
MSCI Emerging Markets (net)	-2.20	-2.11	-6.31	0.67	17.82
Dow Jones Industrials	-0.05	-2.10	0.70	14.58	26.21
NASDAQ Composite	-0.47	-1.41	3.72	16.73	37.72
S&P U.S. REIT	-0.32	-2.55	4.02	26.01	35.04
Bloomberg Commodity Index	0.46	1.63	3.19	25.01	34.68
Bloomberg Aggregate	-0.03	-0.07	0.85	-0.77	-0.32
ICE BofA US High Yield	0.17	0.48	1.38	5.14	10.99
Bloomberg Municipal Bond Blend 1-15 Year	0.01	-0.01	0.51	1.08	2.43
ICE BofA Global Government xUS (USD Unhedged)	-0.89	-0.81	0.24	-5.96	-2.53
ICE BofA Global Government xUS (USD Hedged)	-0.32	-0.44	0.66	-1.30	-0.49
JP Morgan EMBI Global Diversified	-0.17	0.00	1.40	0.73	4.41

Rates (%)	9/17/21	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	0.12	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	0.22	0.25	0.16	0.11	0.13
5-Year Treasury	0.86	0.87	0.93	0.36	0.27
10-Year Treasury	1.37	1.44	1.73	0.91	0.68
30-Year Treasury	1.91	2.06	2.42	1.64	1.45
Bloomberg Aggregate (YTW)	1.47	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	3.81	3.85	4.27	4.24	5.76
Currencies	9/17/21	6/30/21	3/31/21	12/31/20	9/30/20
Euro (\$/€)	1.17	1.19	1.18	1.22	1.17
Yen (¥/\$)	109.97	110.99	110.50	103.25	105.53
Pound (\$/£)	1.37	1.38	1.38	1.37	1.29
Commodities	9/17/21	6/30/21	3/31/21	12/31/20	9/30/20
Crude Oil (WTI)	71.97	73.47	59.16	48.52	40.22
Gold	1,751	1,772	1,716	1,895	1,896
Volatility	9/17/21	6/30/21	3/31/21	12/31/20	9/30/20
CBOE VIX	20.81	15.83	19.40	22.75	26.37

U.S. style % total returns (S&P indexes)									
Week			YTD				Value	Core	Growth
Value	Core	Growth	Value	Core	Growth				
-0.35	-0.54	-0.70	16.82	19.26	21.37	Large			
-0.41	-0.27	-0.11	21.25	17.11	13.11	Mid			
0.57	0.37	0.15	23.33	19.94	16.64	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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