

Market Pulse

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In focus

Investors waited in anticipation for Federal Reserve (Fed) Chair Jerome Powell's speech at the Jackson Hole Economic Symposium on Friday. During his speech, Chair Powell stated that tapering could begin this year and that the economy has made "substantial further progress," which was a condition that the Fed has said was necessary when evaluating when to taper asset purchases. While our read on his speech was that it was fairly boilerplate and reiterated much of what he has said in the past few months, market participants and media reports took it as a fairly dovish speech. The result was the S&P 500 reaching its eleventh record high in August and 52nd of the year.

Additionally, the Jackson Hole Economic Symposium was likely one of the last large public appearances Chair Powell will make before the White House has to decide on whether or not to renominate him as Chair when his term ends in February. Powell has broad bipartisan support in Congress and is said to also have the backing of several officials in the Biden administration, including Treasury Secretary Janet Yellen, Powell's predecessor at the Fed. However, some Senators have criticized Powell as being too lenient on the regulatory front and have publicly called for President Biden to select someone who would be tougher with regulation. This could also be achieved by replacing Vice Chair Richard Clarida and/or Vice Chair for Supervision Randal Quarles. A decision is expected this fall, though we think it is likely that Powell gets tapped for another term.

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A look back

- The S&P 500 posted a gain of 1.5%, setting a new record high on Friday. Stocks in international developed and emerging markets also had strong gains, pushing the MSCI ACWI to a return of 2%.
- The 10-year U.S. Treasury yield rose by five basis points on the week.
- Fed Chair Powell said in a speech at Jackson Hole that the Fed could start tapering bond purchases this year, in line with comments he has made earlier. He didn't provide any specific details around the timing or pace of taper.

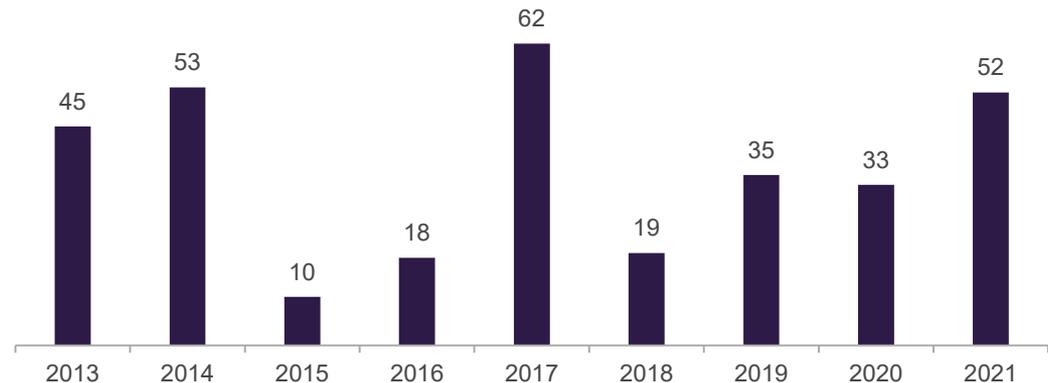
A look ahead

- Investors will look to see how the Delta variant impacted several economic data points that are being reported this week, especially on the jobs and employment front. Following Chair Powell's speech at Jackson Hole where he said taper could begin this year, markets will be watching for data that could speed up or slow down the tapering timeline.
- Economic releases: Conference Board Consumer Confidence, ADP Employment Change, ISM & Markit Manufacturing & Services, Durable Goods Orders, and the Unemployment Rate.

Chart of the week – Stocks see the most new record highs since 2017

The S&P 500 has continued pushing higher in August and is on track to finish higher for the seventh consecutive month, setting several new record highs along the way. Year to date, we have seen 52 new record highs for the S&P 500, including 11 in August alone. This is the highest since 2017 saw 62 new record highs and is above the post-financial crisis average of 36 per year.

S&P 500 new record highs



Data Source: Truist IAG, Bloomberg. 2021 is year to date through 8/27/21.

Wealth

Market Pulse

As of August 27, 2021

Index % Total Return	Week	MTD	QTD	YTD	1 Yr
MSCI ACWI (net)	2.05	1.93	2.64	15.26	28.19
S&P 500	1.54	2.72	5.16	21.20	31.24
MSCI EAFE (net)	1.86	1.45	2.22	11.24	26.17
MSCI Emerging Markets (net)	4.28	-0.22	-6.93	0.00	16.05
Dow Jones Industrials	0.98	1.70	3.06	17.26	26.73
NASDAQ Composite	2.82	3.11	4.31	17.39	30.01
S&P U.S. REIT	0.63	0.34	5.18	27.42	35.99
Bloomberg Commodity Index	5.69	0.08	1.92	23.47	32.62
Bloomberg Barclays Aggregate	-0.05	-0.20	0.92	-0.70	0.21
ICE BofA US High Yield	0.72	0.31	0.66	4.39	10.10
Bloomberg Barclays Municipal Bond Blend 1-15 Year	-0.08	-0.25	0.48	1.05	2.47
ICE BofA Global Government xUS (USD Unhedged)	0.07	-0.72	1.13	-5.12	-0.30
ICE BofA Global Government xUS (USD Hedged)	-0.47	-0.15	1.31	-0.67	1.00
JP Morgan EMBI Global Diversified	0.41	0.58	1.00	0.33	4.23

Rates (%)	8/27/21	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	0.05	0.05	0.02	0.07	0.10
2-Year Treasury	0.21	0.25	0.16	0.11	0.13
5-Year Treasury	0.80	0.87	0.93	0.36	0.27
10-Year Treasury	1.30	1.44	1.73	0.91	0.68
30-Year Treasury	1.91	2.06	2.42	1.64	1.45
Bloomberg Barclays Aggregate (YTW)	1.43	1.50	1.61	1.12	1.18
Bloomberg Barclays Municipal Bond Blend 1-15 Year	0.71	0.76	0.87	0.77	0.96
ICE BofA US High Yield	3.90	3.85	4.27	4.24	5.76
Currencies	8/27/21	6/30/21	3/31/21	12/31/20	9/30/20
Euro (\$/€)	1.18	1.19	1.18	1.22	1.17
Yen (¥/\$)	109.98	110.99	110.50	103.25	105.53
Pound (\$/£)	1.37	1.38	1.38	1.37	1.29
Commodities	8/27/21	6/30/21	3/31/21	12/31/20	9/30/20
Crude Oil (WTI)	68.74	73.47	59.16	48.52	40.22
Gold	1,820	1,772	1,716	1,895	1,896
Volatility	8/27/21	6/30/21	3/31/21	12/31/20	9/30/20
CBOE VIX	16.39	15.83	19.40	22.75	26.37

U.S. style % total returns (S&P indexes)						
Week			YTD			
Value	Core	Growth	Value	Core	Growth	
1.48	1.54	1.59	19.70	21.20	22.49	Large
3.49	3.43	3.36	26.62	20.88	15.22	Mid
4.23	4.10	3.96	28.44	23.77	19.13	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 SBBBI U.S. Large Stock Index measures the total return of U.S. large cap stocks on a monthly basis.

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

IA SBBBI 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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