

THE BIG PICTURE OF GLOBAL ECONOMICS

WITH



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May 2021 Asset Class Returns

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Commentary

May was a month where equity markets seemed to struggle a bit for direction, as inflation numbers from the US and some other countries began to show that the economic recovery post-Covid may bring inflation to go along with economic growth.

The 1.4% gain in the overall MSCI World was driven by Europe (up 2.4%), as well as the more “old school” sectors of the US market, as evidenced by the outperformance of the Dow Jones (1.9%) for the month) versus the 1.5% decline of the tech-heavy Nasdaq.

At the sector level, the notable outperformance was delivered by the Energy and Materials, gaining 5.8% and 5.0%, respectively. Financials were close behind with 4.79%.

Bond returns for the month were stable for the most part, with the best performance coming from the local-currency Emerging Market, which was up 2.01% on the back of a recovery in the value of many local currencies against the USD this month. Bond yields at the Treasury level were a bit lower over the month, helping the overall market post some modest gains after a challenging start to the year when yields were rising quickly.

There were gains across the board for commodities, with the sole exception of platinum which dropped 3.1%. Gold and silver saw 6.8% and 5.4% gains, respectively, possibly beginning to price in some inflation risk. The gains registered by commodities, and the signs seen in supply chains around the world, are the primary catalysts for both the strong performance of the more cyclical equity sectors (see above) and the broader rotation that seems to be gaining traction in equity markets.

Metals and soft commodities continued the strong surge witnessed of late, with more gains registered in May. Iron ore led the way with another 8% rise in May.

World Equity Indices

| Name | Index | 1 month | 3 month |
|----------------------|----------|---------|---------|
| S&P 500 INDEX | 4204.11 | 0.6% | 10.3% |
| DOW JONES INDUS. AVG | 34529.45 | 1.9% | 11.6% |
| NASDAQ COMPOSITE | 13748.74 | -1.5% | 4.2% |
| NIKKEI 225 | 29064.82 | 0.9% | 0.3% |
| Euro Stoxx 50 Pr | 4070.56 | 2.4% | 11.9% |
| FTSE 100 INDEX | 7022.61 | 0.8% | 8.3% |
| SWISS MARKET INDEX | 11426.15 | 3.7% | 8.6% |
| MSCI AC ASIA x JAPAN | 884.41 | -0.01% | -0.3% |
| MSCI WORLD | 2979.3 | 1.4% | 9.3% |

S&P500 Sectors

| Name | | 1 month | QTD |
|---------------------|------------------------|---------|-------|
| S&P 500 INFO TECH | Information Technology | -0.9% | 4.3% |
| S&P 500 HEALTH CARE | Health Care | 1.9% | 5.9% |
| S&P 500 CONS DISCRE | Consumer Discretionary | -3.8% | 3.0% |
| S&P 500 COMM SVC | Communications | -0.1% | 7.8% |
| S&P 500 FINANCIALS | Financials | 4.8% | 11.7% |
| S&P 500 INDUSTRIALS | Industrial | 3.1% | 6.8% |
| S&P 500 CONS STAPLE | Consumer Staples | 1.8% | 4.0% |
| S&P 500 UTILITIES | Utilities | -2.3% | 1.8% |
| S&P 500 REAL ESTATE | Real Estate | 1.2% | 9.6% |
| S&P 500 MATERIALS | Materials | 5.2% | 10.8% |
| S&P 500 ENERGY | Energy | 5.8% | 6.4% |

World Bond Price Returns

| Name | 1 month | 3 month |
|--------------------|---------|---------|
| Global Aggregate | 0.94% | 0.30% |
| Global High Yield | 0.94% | 1.80% |
| US Corp High Yield | 0.30% | 1.54% |
| EM Local Curr Govt | 2.01% | 2.02% |
| EM USD Agg | 0.92% | 0.98% |
| Treasuries | 0.95% | -0.09% |
| Treasury 20+ Year | 0.52% | -2.39% |

Currencies

| | | 1 mth | 3 mth |
|--------------------|--------|--------|--------|
| Euro | 1.2228 | 1.36% | 1.49% |
| Japanese Yen | 109.45 | -0.35% | -2.46% |
| British Pound | 1.4229 | 2.29% | 2.18% |
| Swiss Franc | 0.8988 | 1.35% | 1.82% |
| Australian Dollar | 0.7742 | -0.27% | -0.39% |
| New Zealand Dollar | 0.7276 | 1.04% | 0.15% |
| Canadian Dollar | 1.2052 | 1.88% | 4.93% |

Commodities

| | spot | 1 mth | 3 mth |
|---------------------------------|----------|-------|--------|
| Gold Spot \$/Oz | 1914.97 | 6.8% | 11.1% |
| Silver Spot \$/Oz | 28.3441 | 5.4% | 6.7% |
| Platinum Spot \$/Oz | 1194.66 | -3.1% | 0.5% |
| Iron Ore Spot Price | 247.94 | 8.1% | 15.6% |
| LME COPPER SPOT (\$) | 10248.25 | 3.7% | 12.1% |
| LME ALUMINUM SPOT (\$) | 2458.51 | 2.7% | 14.4% |
| US Crude Oil WTI Cushing | 66.32 | 3.9% | 7.8% |
| US Gulf Coast Jet Fuel | 175.58 | 2.4% | 4.9% |
| NNS Vegetable Onion Nasik price | 950 | 15.2% | -40.6% |
| Coffee | 191.94 | 16.2% | 19.5% |
| COTTON N FUTR Dec21 | 83.56 | -1.8% | -3.7% |
| USDA Boxed Pork Belly | 182.36 | 17.8% | 17.4% |
| MAIZE Jun21 | 269.25 | 11.6% | 22.4% |

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