

March 2021

DeMarche Dashboard

A Flash Report on Markets and the Economy



Data and Commentary for Periods Ended 3/31/2021

Global Overview

The month of March marks one year after the onset of the COVID-19 pandemic in the U.S. Domestic equity markets reached all-time highs during the month due to promising signs of economic recovery and accelerating vaccine distribution. The broader domestic equity markets, as seen in the S&P 500 Index, returned 4.4% during the month and 56.4% during the last twelve months. The value-oriented indices continued their leadership in March as the Russell 1000 Value Index returned 5.9% during the month as compared to the 1.7% return in the Russell 1000 Growth Index. Additionally, the Russell 2000 Value Index returned 5.2% during the month as compared to the -3.2% return in the Russell 2000 Growth Index. International developed markets trailed the U.S., as the MSCI EAFE Index returned 2.3% for the month and 44.6% during the last twelve months due to a less robust economic recovery and more COVID-related headwinds. The MSCI Emerging Markets Index returned -1.5% during the month and 58.4% during the last twelve months.

U.S. Markets & Economy

Both equity and fixed income markets continued to be driven by positive economic news including the Fed upwardly revising estimates for 2021 GDP growth from 4.2% to 6.5%, the implementation of the recently passed American Rescue Plan Act stimulus package, and the COVID-19 vaccine roll-out surpassing 100 million doses administered. In addition, the Fed promised to continue their dovish posture, maintaining the federal funds rate near zero and continuing to purchase U.S. Treasuries and mortgage-backed securities until further progress has been made towards reaching the targeted 2% inflation rate. Additional positive U.S. economic news received during the month included ISM Manufacturing PMI reaching 64.7 in March, up from 60.8 in February (the highest level since December 1983). As seen in the Chart of the Month below, the PMI report was supported by an increase in production, new orders, employment and a rebound in business inventories. Other positive news adding to improving market sentiment included 916,000 jobs added to the U.S. economy during March following an upwardly revised 468,000 jobs added in February, bringing the unemployment rate down to 6.0%. The largest number of new jobs occurred in the areas most affected by the pandemic, such as leisure and hospitality, private education and construction.

Returns in the bond market were negatively affected by the yield curve steepening and the expectation of higher inflation rates as the 10-Year Treasury yield reached 1.8% and the 10-Year TIPS breakeven inflation rate reached 2.4% at the end of the month. Fixed income returns are negatively impacted by rising interest rates. The Bloomberg Barclays U.S. Aggregate Index returned -1.3% during the month of March, as the ICE BofA U.S. High Yield Index returned 0.2% during the month. With the anticipation of future rising rates, investment-grade corporate borrowers and high-yield corporate borrowers issued a record number of new issues during the month with investment-grade issuance reaching \$196 billion and high-yield issuance reaching \$59 billion.

International Markets & Economy

In international developed markets, the MSCI EAFE index posted a 2.3% return for the month of March with value leading growth as improving economic data helped the value sectors. IHS Markit PMI in the Eurozone improved to 52.5 in March, which is the highest reading since 2018. While economic data encouraged markets throughout the month, skepticism lingered in the services sector as the services PMI was 48.8 showing that the sector is still in contraction. Some governments imposed additional nationwide lockdowns in preparation for Easter weekend at the

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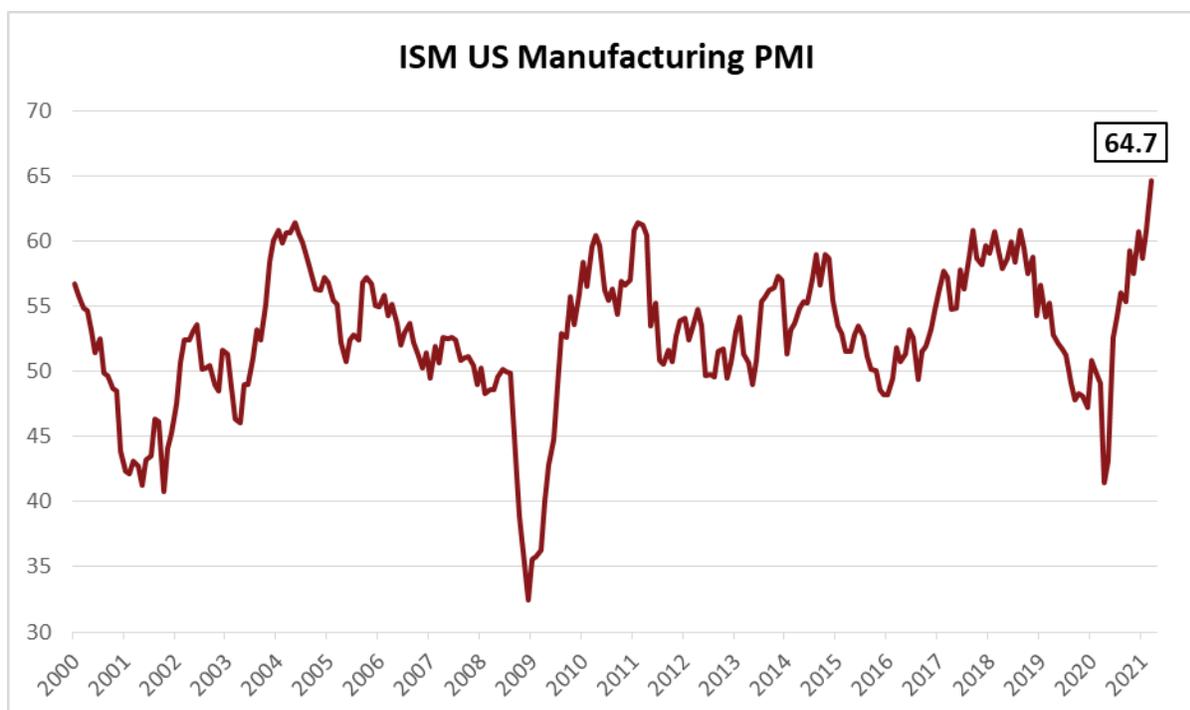
end of March while others flirted with the idea, which dampened some of the market's confidence. While the United States ramped up vaccine distributions in March, the Eurozone continued to have issues with their vaccine rollout as a report came out about blood clots in patients that were administered the AstraZeneca vaccine. 13 countries decided to halt the distribution of the vaccine while the possible side effects were investigated.

Emerging markets underperformed developed in March with the MSCI EM index returning -1.5%. China led the way down posting a -6.3% return for the month as concerns about valuations and lower earnings growth negatively impacted its market. The Caixin/Markit PMI fell again, reaching a ten-month low in March. Commodity exporters like Russia, Brazil and Saudi Arabia all had positive equity market performance in March as global growth expectations and the demand for commodities increased.

In the News

On March 23rd, global trade came to a halt in the Middle East as a massive container ship, the Ever Given, became lodged in the Suez Canal, blocking all maritime traffic through the canal. The vessel is one of the world's largest ships holding more than 20,000 containers and is more than 1,300 feet long. The Suez Canal is one of the world's most important trade routes with approximately 12% of global trade passing through the canal. It took a massive effort from Egyptian officials, a Dutch salvage team, and other global maritime workers to free the ship, which took six days to refloat the ship and clear the blockage. The full cost of the incident has yet to be determined, but it was estimated that more than \$9 billion in trade each day was affected by the ship blockage. The blockage comes at an inopportune time as the world economy was already being affected by a global supply chain backlog. Although the canal is back to normal operations, the effects of the blockage will be felt in the coming weeks as ports become clogged with ships that were delayed, and the costs associated could impact the prices of end goods to consumers.

Chart of the Month



Source: ISM

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Capital Markets Overview

	TRAILING			ANNUALIZED				
	1-Mo	3-Mo	YTD	1-Yr	3-Yr	5-Yr	10-Yr	
Broad Market	MSCI World NR USD	3.33	4.92	4.92	54.03	12.81	13.36	9.88
	BBgBarc US Agg Bond TR USD	(1.25)	(3.37)	(3.37)	0.71	4.65	3.10	3.44
	Russell 3000 TR USD	3.58	6.35	6.35	62.53	17.12	16.64	13.79
	DJ Industrial Average TR USD	6.78	8.29	8.29	53.78	13.61	15.99	13.09
	NASDAQ Composite PR USD	0.41	2.78	2.78	72.04	23.31	22.16	16.89
	MSCI EAFE NR USD	2.30	3.48	3.48	44.57	6.02	8.85	5.52
	FTSE Treasury Bill 3 Mon USD	0.01	0.02	0.02	0.21	1.45	1.15	0.60
	Bloomberg Commodity TR USD	(2.15)	6.92	6.92	35.04	(0.20)	2.31	(6.28)
Domestic Equities	S&P 500 TR USD	4.38	6.17	6.17	56.35	16.78	16.29	13.91
	S&P MidCap 400 TR	4.67	13.47	13.47	83.46	13.40	14.37	11.92
	S&P SmallCap 600 TR USD	3.33	18.24	18.24	95.33	13.71	15.60	12.97
	Russell 1000 TR USD	3.78	5.91	5.91	60.59	17.31	16.66	13.97
	Russell 1000 Growth TR USD	1.72	0.94	0.94	62.74	22.80	21.05	16.63
	Russell 1000 Value TR USD	5.88	11.26	11.26	56.09	10.96	11.74	10.99
	Russell Mid Cap TR USD	2.71	8.14	8.14	73.64	14.73	14.67	12.47
	Russell Mid Cap Growth TR USD	(1.91)	(0.57)	(0.57)	68.61	19.41	18.39	14.11
	Russell Mid Cap Value TR USD	5.16	13.05	13.05	73.76	10.70	11.60	11.05
	Russell 2000 TR USD	1.00	12.70	12.70	94.85	14.76	16.35	11.68
	Russell 2000 Growth TR USD	(3.15)	4.88	4.88	90.20	17.16	18.61	13.02
	Russell 2000 Value TR USD	5.23	21.17	21.17	97.05	11.57	13.56	10.06
International Equities	MSCI ACWI Ex USA NR USD	1.26	3.49	3.49	49.41	6.51	9.76	4.93
	MSCI EAFE NR USD	2.30	3.48	3.48	44.57	6.02	8.85	5.52
	MSCI EAFE Growth NR USD	1.15	(0.57)	(0.57)	42.59	9.84	10.84	7.21
	MSCI EAFE Value NR USD	3.37	7.44	7.44	45.71	1.85	6.57	3.65
	MSCI Japan NR USD	1.06	1.57	1.57	39.73	6.32	10.47	7.20
	MSCI AC Asia Ex Japan NR USD	(2.54)	2.70	2.70	57.31	8.88	13.79	6.66
	MSCI Europe NR USD	3.09	4.08	4.08	44.95	5.65	8.18	5.08
	MSCI United Kingdom NR USD	2.75	6.19	6.19	33.54	0.92	4.33	3.26
	MSCI EAFE Small Cap NR USD	2.19	4.50	4.50	61.98	6.32	10.50	8.01
MSCI EM NR USD	(1.51)	2.29	2.29	58.39	6.48	12.07	3.65	
Fixed Income	BBgBarc US Govt/Credit TR USD	(1.54)	(4.28)	(4.28)	0.86	4.99	3.36	3.70
	BBgBarc US Govt/Credit Interm TR USD	(0.78)	(1.86)	(1.86)	2.01	4.36	2.75	2.88
	BBgBarc US Govt/Credit Long TR USD	(3.62)	(10.41)	(10.41)	(2.05)	7.14	5.47	6.98
	ICE BofA US High Yield TR USD	0.17	0.90	0.90	23.31	6.53	7.94	6.31
	Credit Suisse HY USD	0.43	1.35	1.35	24.14	6.27	7.87	6.22
	S&P/LSTA Leveraged Loan TR	(0.00)	1.78	1.78	20.71	4.13	5.28	4.25
	FTSE WGBI NonUS USD	(1.08)	2.34	2.34	51.77	8.15	12.18	6.71
	BBgBarc Gbl Agg Ex USD TR	(1.08)	2.34	2.34	51.77	8.15	12.18	6.71
REITs	FTSE Nareit All REITs TR	5.43	8.48	8.48	36.94	10.35	7.19	9.27
	Wilshire US REIT TR USD	4.83	8.81	8.81	34.74	9.04	4.96	8.48

USD - US dollar priced index TR - Total Return PR - Price Return LCL - Local Currency Priced Index NR - Return includes reinvested net dividends

Source: Morningstar

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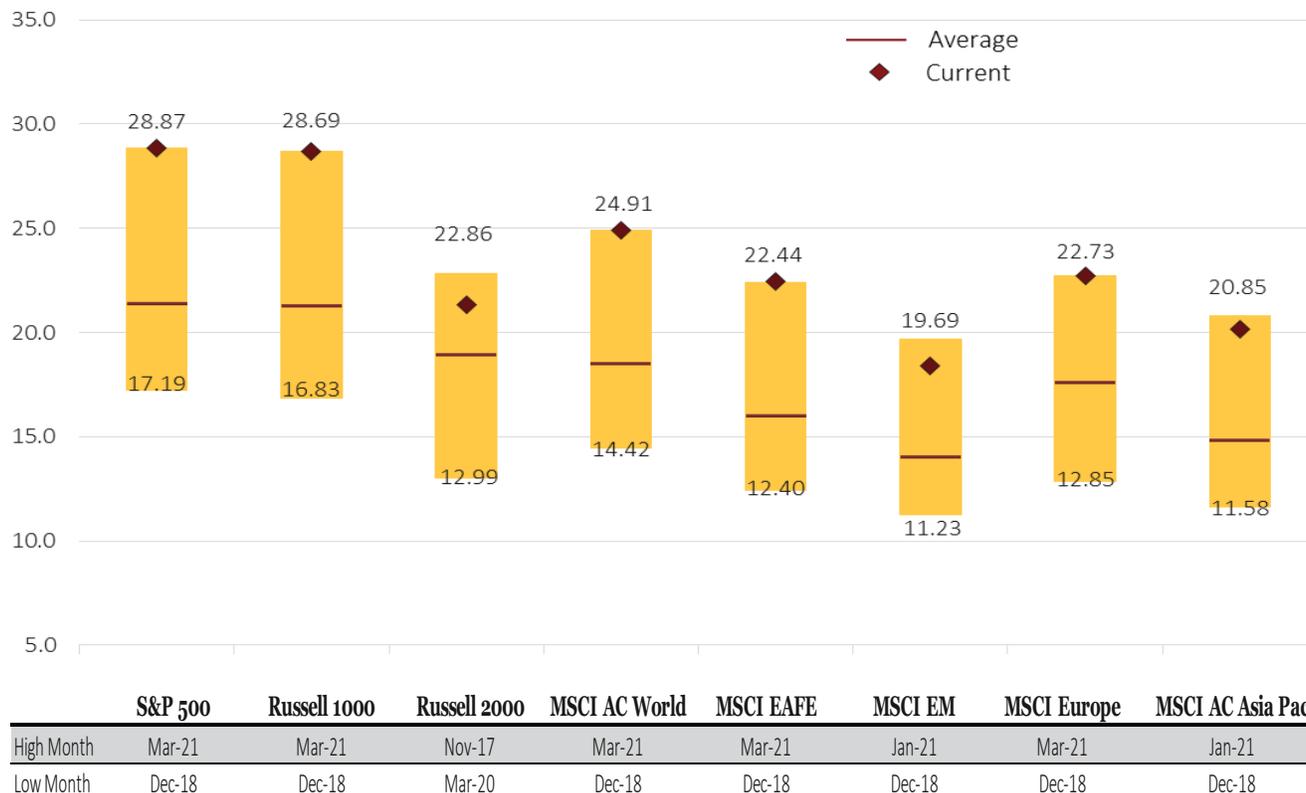
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Current P/E vs. Trailing 5-Year High, Low, Average



Source: Morningstar

Economic Indicators

	GDP			Unemployment Rate	Interest Rates	Exchange Rates per US \$		Inflation ²
	Latest	2021 ¹	2022 ¹	(Most recently available)	Sovereign Bonds, 10 Year	Current	1 Year Ago	(Most recently available)
United States	4.30	6.50	4.00	6.00	1.75	-	-	1.30
China	2.60	7.80	4.90	5.50	3.23	6.55	7.08	0.00
Japan	2.80	2.70	1.80	2.90	0.10	110.61	107.53	-0.40
United Kingdom	1.30	5.10	4.70	5.00	0.84	1.38	1.25	0.90
Euro Area	-0.70	3.90	3.80	8.30	0.07	1.17	1.10	0.90
Germany	0.30	3.00	3.70	4.50	-0.29	1.17	1.10	1.40
France	-1.40	5.90	3.80	8.00	-0.05	1.17	1.10	0.60
Italy	-1.90	4.10	4.00	10.20	0.67	1.17	1.10	0.80
Canada	2.30	4.70	4.00	8.20	1.56	1.26	1.41	1.20
India	7.90	12.60	5.40	6.50	6.18	72.82	74.55	3.16
Mexico	3.30	4.50	3.00	4.40	6.89	20.44	23.45	3.90
Brazil	3.20	3.70	2.70	14.20	8.89	5.66	5.19	2.69

Sources: (Most recently available data) St. Louis Federal Reserve, The Wall Street Journal, OECD, Trading Economics

1. Forecasted data from OECD

2. In terms of CPI All Items

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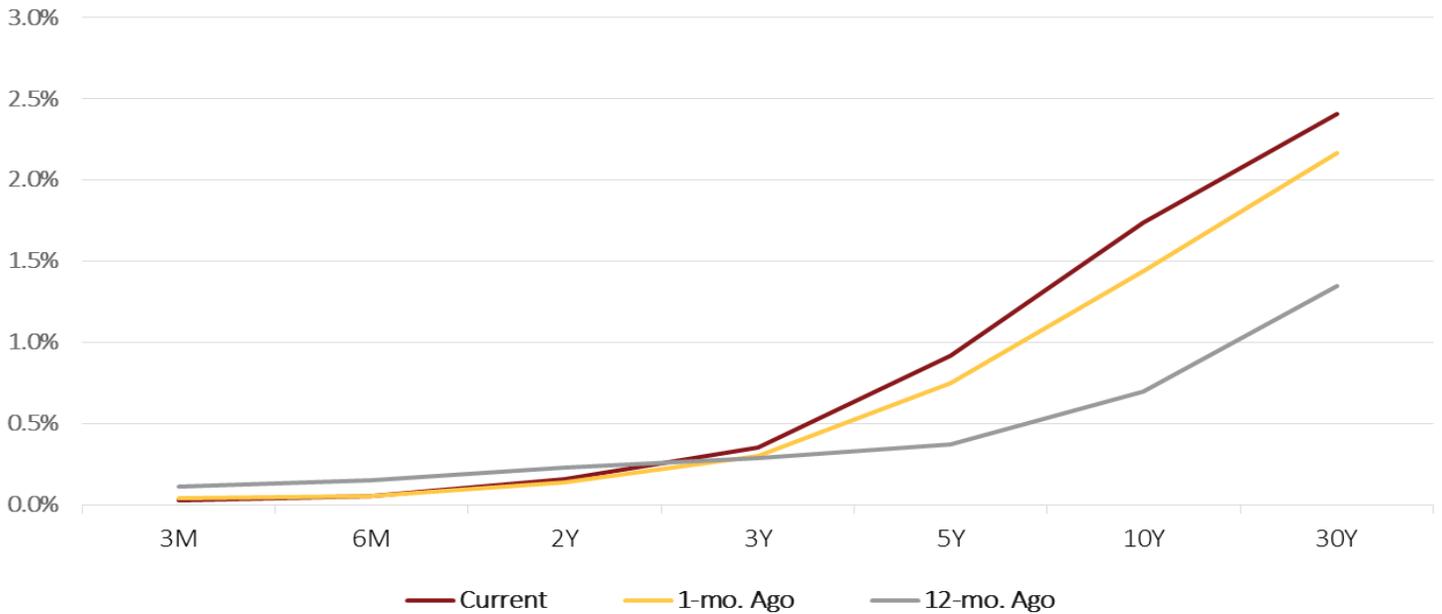
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U.S. Treasury Yield Curves

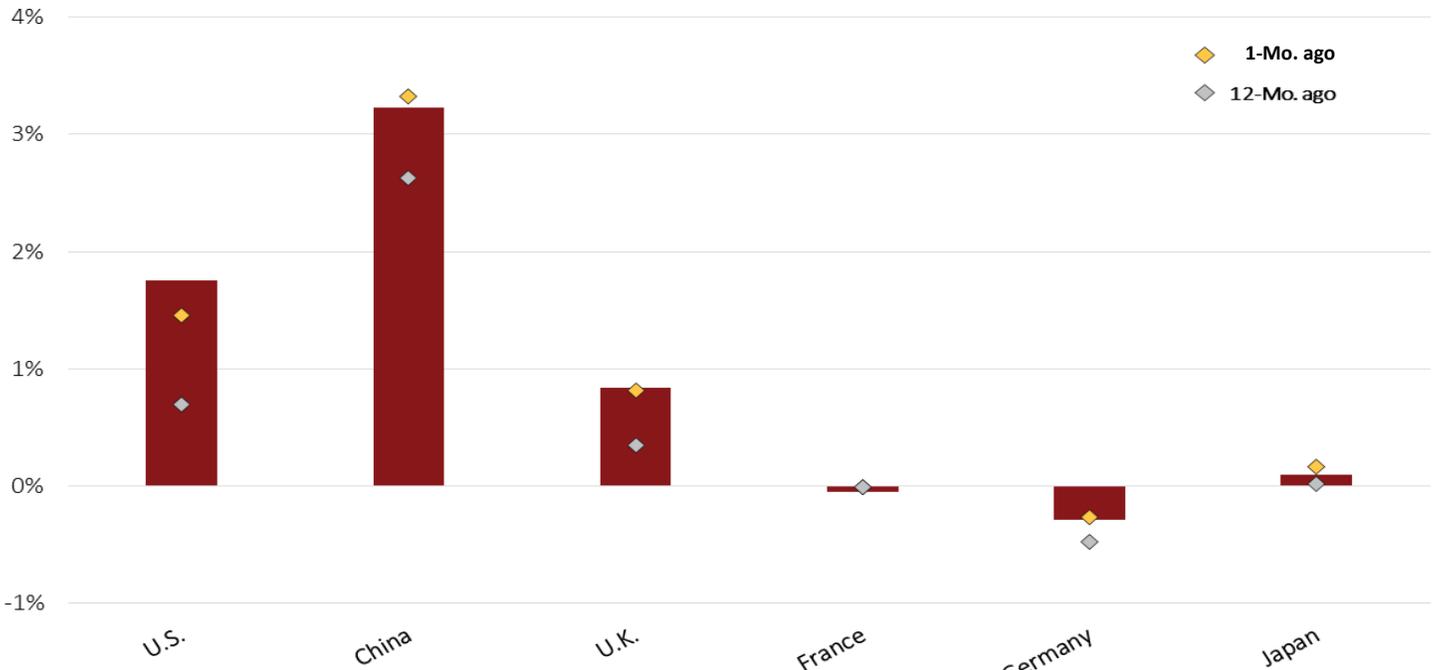
as of 03/31/2021



Source: Federal Reserve Bank of St. Louis, U.S. Department of the Treasury

10-Year Sovereign Yields

as of 03/31/2021 (most recently available)



Source: Trading Economics

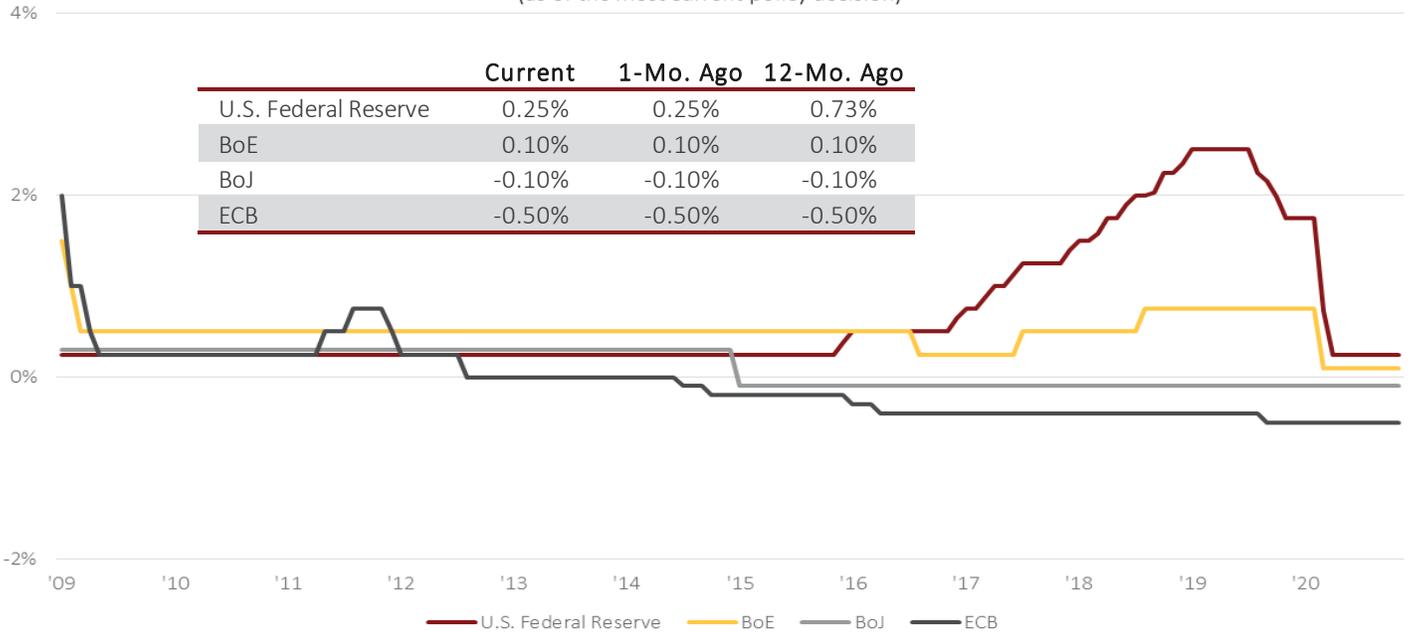
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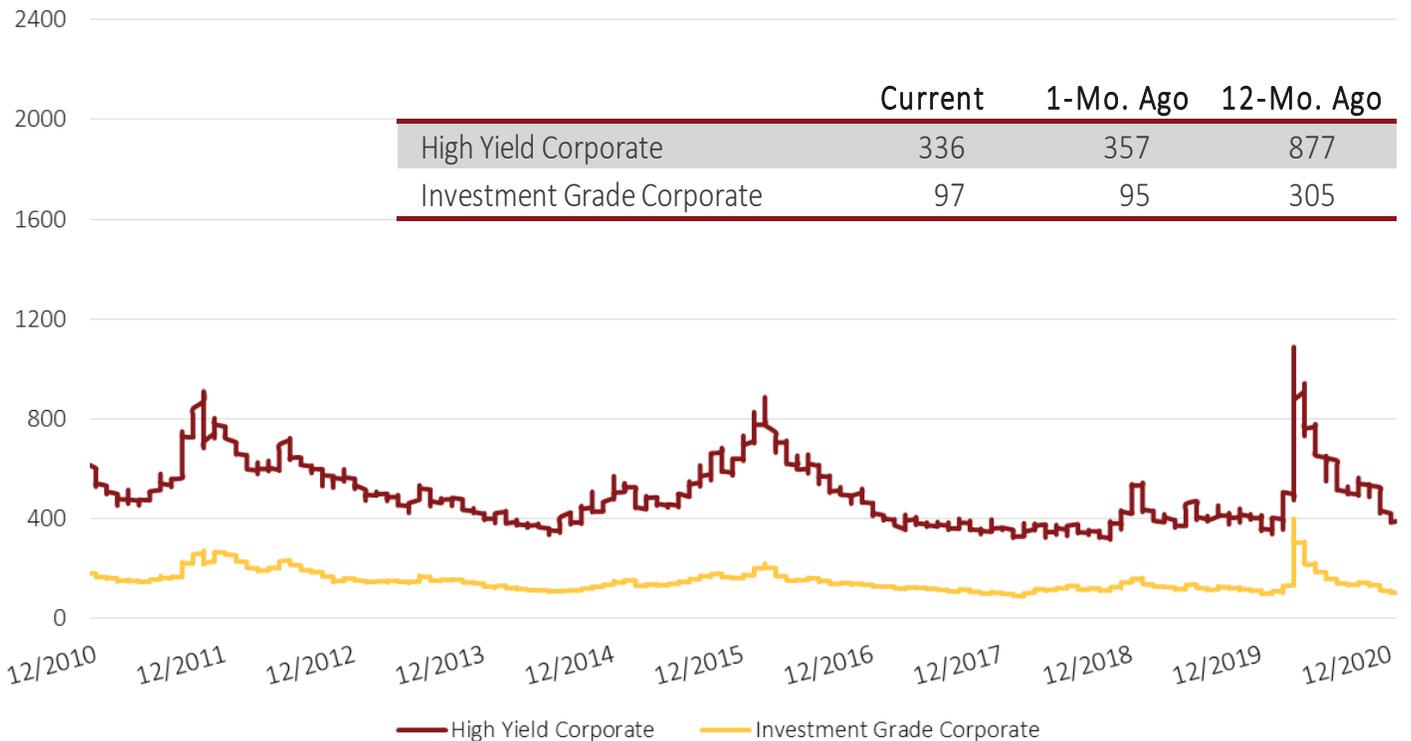
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Central Bank Policy Rates (as of the most current policy decision)



Source: Federal Reserve Bank, Bank of England, European Central Bank, Trading Economics

Corporate Bond Average Spread (bps)



Source: Federal Reserve Bank, Bank of America