

### Market related news for the week ending February 5, 2021

- Day traders drove the price of silver to an 8-year high Monday.
- A report from the Wall Street Journal over the weekend revealed Exxon and Chevron CEO's spoke in 2020 about combining the two oil giants. Discussions were said to be preliminary and not ongoing, but could come back in the future.
- Tuesday Amazon released results after the bell announcing record revenues of more than \$125 billion for the fourth quarter, an increase of 44% year-on-year. In addition CEO Jeff Bezos said he would step down later in the year but would move to the role of executive chair. Bezos will be replaced by Andy Jassy, the head of the company's cloud services division.
- Tuesday Alphabet earnings pushed the stock up 7% after hours on the back of better-than-expected ad spend. Operating income from the company's cloud business was broken out for the first time revealing a loss that showed the business is still in the investment stage.
- Friday the S&P 500 rallied to a new historic high. Notable risers were Activision Blizzard up over 10%, Wynn Resorts up 7.4%, Estee Lauder up 7.3% and Freport- McMoRan up 6.6%.
- Friday the Senate passed a budget resolution without Republican support in relation to the \$1.9 trillion coronavirus relief plan. A separate voting process will be required to implement the relief package however the Senate will be able to move on Biden's stimulus with a simple majority rather than the 60-vote threshold required for most legislation. A final agreement is hoped for by March 14 when the \$300 weekly unemployment supplement expires.
- With a little over half of S&P 500 companies reporting as of Friday, 81% of companies have reported actual EPS above analyst EPS estimates compared to the 5-year average of 74% according to FactSet. In aggregate, earnings are 15.2% above estimates compared to the 5-year average of 6.3%. Technology and Communications sectors continue to lead the way with over 90% of companies beating estimates.

### Market levels

	02/05/21	12/31/20	Market Low
Dow	31,148	30,606	6,547 (3/09)
S&P 500®	3,887	3,756	677 (3/09)
NASDAQ	13,856	12,888	1,268 (3/09)
VIX	20.87	22.75	56.7 (1/09)

### Market total returns

	1 Week	QTD	YTD	2020
Dow	3.90%	1.87%	1.87%	9.72%
S&P 500®	4.67%	3.60%	3.60%	18.39%
NASDAQ	6.04%	7.57%	7.57%	45.06%
Russell Midcap®	5.58%	5.30%	5.30%	17.10%
Russell 2000®	7.72%	13.14%	13.14%	19.93%
MSCI EAFE (Net)	2.75%	1.66%	1.66%	7.82%
MSCI EM (Net)	4.96%	8.18%	8.18%	18.31%
FTSE NAREIT All Eq	3.34%	3.26%	3.26%	-5.08%

### Global returns<sup>1</sup>

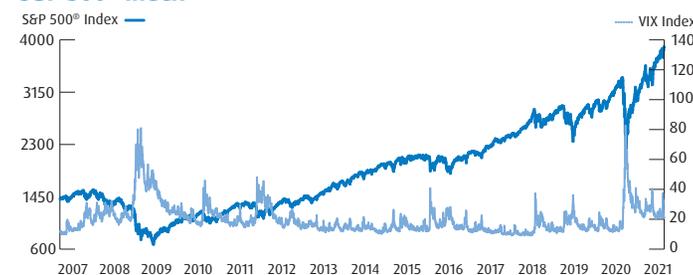
EAFE countries	1 Week	YTD	Emerging countries	1 Week	YTD
UK	1.28%	0.48%	MSCI BRIC	5.88%	9.93%
Germany	4.64%	2.46%	Brazil	4.50%	1.03%
France	4.82%	2.09%	Russia	4.69%	3.33%
Switzerland	1.55%	0.49%	India	9.61%	6.26%
Japan	4.03%	4.87%	China	0.38%	0.67%
Australia	3.53%	3.85%	S. Korea	4.85%	8.60%

<sup>1</sup> See page 3 for global returns country-specific indices.

### Real assets

	02/05/21	12/31/20	YTD
Gold	\$1,814.11	\$1,898.36	-4.44%
Oil	\$56.85	\$48.63	16.90%
Nat Gas	\$2.86	\$2.53	13.34%
Bloomberg Commod.	\$82.47	\$78.05	5.66%
USD Index	\$91.04	\$89.94	1.23%
USD/EUR	\$1.20	\$1.22	-1.39%

### Featured chart: Implied stock market volatility and the S&P 500® Index



### Style returns

#### One week

	Large	Mid	Small
V	4.75%	5.27%	6.59%
G	5.08%	6.13%	8.76%

#### Year-to-date

	Large	Mid	Small
V	3.78%	5.03%	12.20%
G	4.30%	5.78%	14.01%

Russell Value and Growth Indices

### Index characteristics

	Trlg P/E	Fwd P/E	Div Yield	Earn Yield
S&P 500®	27.91	19.73	1.53	3.58
MSCI EAFE	23.00	15.72	2.80	4.35
MSCI EM	21.38	14.33	2.17	4.68
Russell 1000®	27.70	20.39	1.46	3.61
Russell 2000®	22.07	26.81	0.94	4.53

### S&P sector performance

	Weight	1 Week	QTD	YTD
Information technology	27.9%	4.9%	4.0%	4.0%
Health care	13.3%	0.5%	1.9%	1.9%
Consumer discretionary	13.1%	6.0%	6.4%	6.4%
Telecommunications	11.0%	7.3%	5.9%	5.9%
Financials	10.6%	6.6%	4.8%	4.8%
Industrials	8.2%	4.9%	0.4%	0.4%
Consumer staples	6.1%	2.5%	-2.8%	-2.8%
Utilities	2.7%	2.3%	1.4%	1.4%
Materials	2.6%	3.9%	1.4%	1.4%
Energy	2.5%	8.3%	12.4%	12.4%
REITs	2.3%	3.0%	3.6%	3.6%

Source: Bloomberg.

For general information only.

Market conditions and trends will vary. Past performance is no guarantee of future results.

### Economic news for the week ending February 5, 2021

- Monday: Manufacturing PMI for January was 59.2.
- Monday: ISM Manufacturing PMI for January came in at 58.7, lower than expected.
- Wednesday: ADP Non-farm Employment Change for January rose by 174,000, far higher than expected.
- Wednesday: Markit Composite PMI for January was 58.7.
- Wednesday: Services PMI for January came in at 58.3, higher than expected.
- Wednesday: ISM Non-manufacturing PMI for January was 58.7, higher than expected, and higher than the prior reading of 57.7. The employment component rose 6.5 points into an expansionary level of 55.2 and new orders were up 3.2 points.
- Thursday: Initial Jobless Claims were 779,000, lower than expected and a 2-month low. Continuing Claims fell to 4.6 million, a drop of 193,000.
- Thursday: Factory Orders for December grew 1.1%, much higher than expected.
- Friday: Non-Farm Payrolls for January were 49,000, close to estimates. The unemployment rate fell from 6.75 to 6.3% as 406,000 workers exited the workforce, dropping the participation rate to 61.4%. December's non-farm payrolls were revised down to -227,000 from -140,000.

### Economic events for the week ending February 12, 2021

(all times listed are Eastern)

- Tuesday: NFIB Small Business Optimism for January at 6.00am.
- Tuesday: JOLTS Job Openings for December at 10.00am.
- Thursday: Initial Jobless Claims at 8.30am.
- Wednesday: CPI for January at 8.30am.
- Friday: Michigan Consumer Sentiment for February at 10.00am.

### Bond market returns

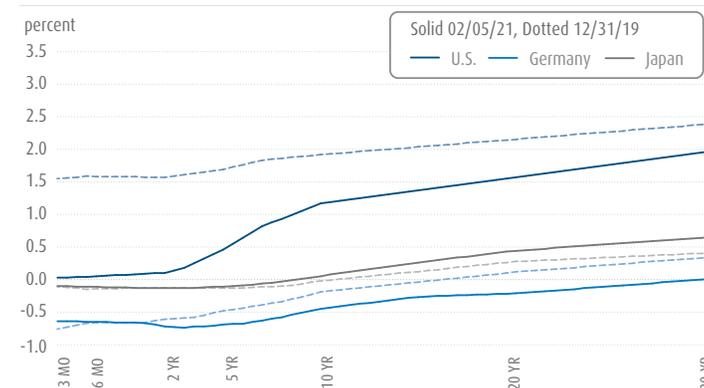
	U.S. Aggregate	Intermediate Gov't/Credit	U.S. Treasury	Inv. Grade Corporates	MBS	1-10-Yr Municipals	High Yield	EM Corporates
1-Week Total Return	-0.39%	-0.10%	-0.63%	-0.48%	-0.01%	0.06%	0.70%	0.19%
MTD Total Return	-0.39%	-0.10%	-0.63%	-0.48%	-0.01%	0.06%	0.70%	0.19%
3-Month Total Return	-0.59%	-0.01%	-2.00%	0.24%	0.27%	1.40%	5.43%	3.47%
YTD Total Return	-1.11%	-0.38%	-1.58%	-1.76%	0.07%	0.44%	1.04%	0.02%
12-Month Total Return	4.84%	4.97%	4.56%	6.06%	3.29%	3.51%	7.71%	6.45%
Effective Duration (years)	6.14	4.17	7.13	8.69	2.37	3.84	3.67	4.74
Effective Maturity (years)	8.24	4.50	8.38	12.19	4.21	5.95	6.50	6.73
Yield to Worst	1.21%	0.67%	0.70%	1.90%	1.23%	0.54%	4.03%	3.55%
OAS (basis points)	33	24	NA	93	12	NA	333	299
Average OAS (from January 1997)	63	55	NA	153	55	NA	550	491

### Key rates

	This week	Prior week	Most recent quarter-end	2020 year-end
2-Year Treasury	0.10	0.11	0.12	0.12
5-Year Treasury	0.46	0.42	0.36	0.36
10-Year Treasury	1.17	1.07	0.92	0.92
2-Year AAA Muni	0.11	0.12	0.13	0.13
5-Year AAA Muni	0.21	0.21	0.21	0.21
10-Year AAA Muni	0.70	0.70	0.68	0.68
2-Year A Corporate	0.31	0.33	0.32	0.32
5-Year A Corporate	0.87	0.86	0.77	0.77
10-Year A Corporate	1.88	1.82	1.62	1.62

### Fixed income markets

Developed markets | Government Bond yield curves





<sup>1</sup> Global returns shown on page one represent the following indices: FTSE 100 Index (UK), Deutsche Borse AG German Stock Index (Germany), CAC 40 Index (France), Swiss Market Index (Switzerland), Nikkei-225 Stock Average (Japan), S&P/ASX 200 (Australia), MSCI BRIC Index, Ibovespa Brasil Sao Paulo Stock Exchange Index (Brazil), Russian Trading System Cash Index (Russia), S&P BSE Sensex Index (India), Korea Stock Exchange KOSPI Index (South Korea), The Shanghai Stock Exchange Composite Index (China).

### Equity indices

**S&P 500<sup>®</sup> Index** (S&P 500<sup>®</sup>) is an unmanaged index of large-cap common stocks.

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

**Russell 1000<sup>®</sup> Index** (Russell 1000<sup>®</sup>) consists of approximately 1,000 of the largest companies in the U.S. equity markets.

**Russell 1000<sup>®</sup> Growth Index** measures the performance of those Russell 1000 Companies with higher price-to-book ratios and higher forecasted growth values.

**Russell 1000<sup>®</sup> Value Index** measures the performance of those Russell 1000 Companies with lower price-to-book ratios and lower forecasted growth values.

**Russell Midcap<sup>®</sup> Index** (Russell Midcap<sup>®</sup>) measures the performance of the smallest 800 U.S. companies in the Russell 1000 Index.

**Russell Midcap<sup>®</sup> Growth Index** measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values.

**Russell Midcap<sup>®</sup> Value Index** measures the performance of those Russell Midcap companies with lower price-to-book ratios and lower forecasted growth values.

**Russell 2000<sup>®</sup> Index** (Russell 2000<sup>®</sup>) is an unmanaged index that measures the performance of the smallest 2000 U.S. companies in the Russell 3000<sup>®</sup> Index.

**Russell 2000<sup>®</sup> Growth Index** measures the performance of those Russell 2000 Companies with higher price-to-book ratios and higher forecasted growth values.

**Russell 2000<sup>®</sup> Value Index** measures the performance of those Russell 2000 Companies with lower price-to-book ratios and lower forecasted growth values.

**MSCI EAFE Index (NDDUEAFE) (Developed Markets)—MSCI EAFE Index Europe, Australasia, and Far East Index (EAFE)** is a standard unmanaged foreign securities index representing major non-U.S. stock markets, as monitored by Morgan Stanley Capital International.

**MSCI Emerging Markets Index** (NDUEEGF) is a market capitalization weighted index comprised of over 800 companies representative of the market structure of the emerging countries in Europe, Latin America, Africa, Middle East and Asia. Prior to January 1, 2002, the returns of the MSCI Emerging Markets Index were presented before application of withholding taxes.

**NASDAQ Composite Index** is a market-cap weighted index of the more than 3,000 common equities listed on the Nasdaq stock exchange.

**VIX Index**—The Chicago Board Options Exchange Market Volatility Index is a measure of implied volatility of S&P 500 index options, often referred to as the “fear” index.

**MSCI BRIC Index** (NDUEBRIC) is a free float weighted equity index designed to measure performance of the following four emerging market country indices: Brazil, Russia, India and China.

**NIKKEI 225 Index** is a price-weighted average of 225 top-rated Japanese companies listed in the First Section of the Tokyo Stock Exchange.

**KOSPI Index** is a capitalization-weighted index of all common shares on the Korean Stock Exchanges.

**FTSE NAREIT All Eq REITs Index** contains all tax-qualified REITs with more than 50 percent of total assets in qualifying real estate assets other than mortgages secured by real property that also meet minimum size and liquidity criteria.

**FTSE 100 Index** is a capitalization-weighted index of the 100 most highly capitalized companies traded on the London Stock Exchange. The equities use an investibility weighting in the index calculation.

**Deutsche Borse AG German Stock Index (DAX)** is a total return index of 30 selected German blue chip stocks traded on the Frankfurt Stock Exchange. The equities use free float shares in the index calculation.

**CAC 40 Index** is a modified cap-weighted index of 40 companies on the Paris Bourse.

**Swiss Market Index** is an index of the largest and most liquid stocks traded on the Geneva, Zurich, and Basle Stock Exchanges.

**S&P/ASX 200** measures the performance of the 200 largest index-eligible stocks listed on the ASX by float-adjusted market capitalization. Representative liquid and tradable, it is widely considered Australia’s preeminent benchmark index. The index is float-adjusted.

**Ibovespa Brasil Sao Paulo Stock Exchange Index** is a gross total return index weighted by market value to the free float & is comprised of the most liquid stocks traded on the Sao Paulo Stock Exchange.

**Russian Trading System Cash (RTS) Index** is cap-weighted composite index calculated based on prices of the 50 most liquid Russian stocks of the largest and dynamically developing Russian issuers presented on the Moscow Exchange.

**S&P BSE Sensex Index** is a cap-weighted index. The index members have been selected on the basis of liquidity, depth, and floating-stock-adjustment depth and industry representation.

**Shanghai Stock Exchange Composite Index** is a capitalization-weighted index. The index tracks the daily price performance of all A-shares and B-shares listed on the Shanghai Stock Exchange.

### Contact

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[bmo-gam.com](http://bmo-gam.com)

### Fixed income indices

**Bloomberg Barclays U.S. Aggregate Bond Index** is an unmanaged index that covers the U.S. investment-grade fixed-rate bond market, including government and credit securities, agency mortgage pass-through securities, asset-backed securities and commercial mortgage-based securities.

**Bloomberg Barclays U.S. Intermediate Government/Credit Bond Index** is an unmanaged index comprised of government and corporate bonds rated BBB or higher with maturities between 1-10 years.

**Bloomberg Barclays U.S. Corporate Bond Index** is designed to measure the performance of the U.S. corporate bond market.

**Bloomberg Barclays U.S. Treasury Index** is an unmanaged index that includes a broad range of U.S. Treasury obligations and is considered representative of U.S. Treasury bond performance overall.

**Bloomberg Barclays U.S. MBS Index** is an index that includes 15- and 30-year fixed-rate securities backed by mortgage pools of GinnieMae, FreddieMac and FannieMae.

**Bloomberg Barclays U.S. Corporate High-Yield Bond Index** is an unmanaged index that covers the USD-denominated, non-investment-grade, fixed-rate, taxable corporate bond market.

**Bloomberg Barclays 1-10 Year Blend Municipal Bond Index** is a market value-weighted index which covers the short and intermediate components of the Barclays Capital Municipal Bond Index—an unmanaged, market value-weighted index which covers the U.S. investment-grade tax-exempt bond market.

**Bloomberg Barclays Emerging Markets Corporate Index** is a component of the Barclays US Emerging Markets Index which is made up of debt issued by corporations.

### Other Definitions

**Duration:** incorporates a bond's yield, coupon, final maturity and call features into one number, expressed in years, that indicates how price-sensitive a bond or portfolio is to changes in interest rates. Effective duration can also be defined as the approximate percentage change in a security's price that will result from a 1% (100-basis-point) change in its yield.

**Yield to Worst:** lowest potential yield that can be received on a bond without the issuer defaulting. This yield measure takes in to account any bond calls or sinking funds.

**OAS:** acronym for "option adjusted spread" which is the spread that has to be added to the Treasury yield curve in a pricing model (including embedded options) to discount a security to match its market price.

### Investments cannot be made in an index.

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