

Market Perspectives

Weekly equity markets snapshot

As of January 8, 2021

Market related news for the week ending January 8, 2021

- Monday China said it will take "necessary measures to resolutely safeguard the legitimate rights and interests of Chinese enterprises" after the NYSE started delisting Chinese telecommunications giants to comply with a U.S. executive order issued in November.
- After two years of on-again off-again talks, shareholders approved a merger Monday between Fiat Chrysler and PSA Peugeot. The new company will be called Stellantis and will be the fourth largest carmaker in the world.
- Tuesday Haven, the healthcare joint venture launched by JPMorgan, Amazon, and Berkshire Hathaway, announced it will be disbanded by the end of January.
- Tuesday President Trump signed an order banning transactions with eight Chinese payment apps in 45 days. Companies affected included Alibaba and Tencent.
- Wednesday Bitcoin rose above 35,000 after it was confirmed that Democrats would control the Senate Tuesday. U.S. stock futures and the U.S. dollar fell. The 10-Year U.S. Treasury yield breached 1% for the first time since the start of the pandemic on the back of anticipated additional stimulus.
- Thursday saw the total value of the entire cryptocurrency market top \$1 trillion for the first time as Bitcoin broke through \$37,700 overnight to hit a new record high. The move has been attributed to large institutional investors entering the market to diversify their assets to hedge against inflation and geopolitical risks.
- Friday the Nasdaq, Dow and S&P 500 all ended the week at all-time highs

Market levels

	01/08/21	12/31/20	Market Low
Dow	31,098	30,606	6,547 (3/09)
S&P 500®	3,825	3,756	677 (3/09)
NASDAQ	13,202	12,888	1,268 (3/09)
VIX	21.56	22.75	56.7 (1/09)

Market total returns

	1 Week	QTD	YTD	2020
Dow	1.66%	1.66%	1.66%	9.72%
S&P 500®	1.87%	1.87%	1.87%	18.39%
NASDAQ	2.45%	2.45%	2.45%	45.06%
Russell Midcap®	3.19%	3.19%	3.19%	17.10%
Russell 2000®	5.93%	5.93%	5.93%	19.93%
MSCI EAFE (Net)	3.16%	3.16%	3.16%	7.82%
MSCI EM (Net)	4.79%	4.83%	4.83%	18.31%
FTSE NAREIT All Eq	-2.42%	-2.42%	-2.42%	-5.08%

Global returns¹

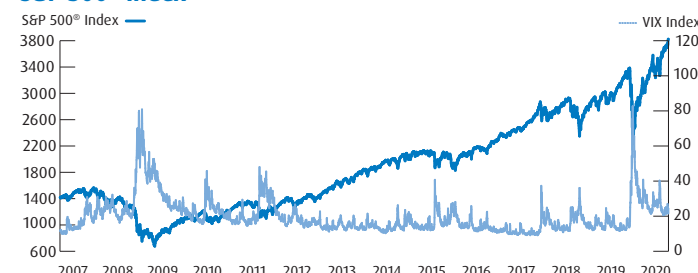
EAFE countries	1 Week	YTD	Emerging countries	1 Week	YTD
UK	6.40%	6.40%	MSCI BRIC	3.63%	3.70%
Germany	2.41%	2.41%	Brazil	5.09%	5.09%
France	2.93%	2.93%	Russia	5.81%	5.81%
Switzerland	0.88%	0.88%	India	1.91%	2.16%
Japan	2.53%	2.53%	China	2.79%	2.79%
Australia	2.60%	2.60%	S. Korea	9.70%	9.70%

¹See page 3 for global returns country-specific indices.

Real assets

	01/08/21	12/31/20	YTD
Gold	\$1,849.01	\$1,898.36	-2.60%
Oil	\$52.24	\$48.52	7.67%
Nat Gas	\$2.70	\$2.54	6.34%
Bloomberg Commod.	\$79.66	\$78.05	2.06%
USD Index	\$90.10	\$89.94	0.18%
USD/EUR	\$1.22	\$1.22	0.02%

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



Style returns

One week

	Large	Mid	Small
V	2.94%	3.23%	5.96%
G	1.22%	3.11%	5.89%

Year-to-date

	Large	Mid	Small
V	2.94%	3.23%	5.96%
G	1.22%	3.11%	5.89%

Russell Value and Growth Indices

Index characteristics

	Trlg P/E	Fwd P/E	Div Yield	Earn Yield
S&P 500®	28.03	19.92	1.55	3.57
MSCI EAFE	23.92	15.89	2.73	4.18
MSCI EM	21.35	13.87	2.23	4.68
Russell 1000®	27.83	20.90	1.48	3.59
Russell 2000®	21.94	26.28	0.99	4.56

S&P sector performance

	Weight	1 Week	QTD	YTD
Information technology	27.3%	0.5%	0.5%	0.5%
Health care	13.8%	3.4%	3.4%	3.4%
Consumer discretionary	12.8%	3.8%	3.8%	3.8%
Financials	10.8%	4.8%	4.8%	4.8%
Telecommunications	10.5%	-0.1%	-0.1%	-0.1%
Industrials	8.4%	1.1%	1.1%	1.1%
Consumer staples	6.4%	-1.0%	-1.0%	-1.0%
Materials	2.7%	5.7%	5.7%	5.7%
Utilities	2.7%	-0.6%	-0.6%	-0.6%
Energy	2.5%	9.3%	9.3%	9.3%
REITs	2.3%	-2.6%	-2.6%	-2.6%

Source: Bloomberg.

For general information only.

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

Market Perspectives

Weekly fixed income markets snapshot

As of January 8, 2021

Economic news for the week ending January 8, 2021

- Monday: Manufacturing PMI for December was 57.1, up from the prior 56.5.
- Tuesday: ISM Manufacturing PMI for December came in at 60.7, much higher than expected, and up from the prior 57.5.
- Wednesday: Markit Composite PMI for December was 55.3, down from the prior 58.6.
- Wednesday: Services PMI for December came in at 54.8, down from the prior 58.4.
- Wednesday: Factory Orders for November grew 1.0%, higher than expected.
- Thursday: ISM Non-manufacturing PMI for December was 57.2, better than expected and up from the prior 55.9.
- Thursday: Initial Jobless Claims were 787,000, Continuing Jobless Claims were 5.072 million, both lower than expected.
- Friday: Non-farm Payrolls for December fell 140,000, however the unemployment rate remained steady at 6.7%. November's job gains were revised up from 245,000 to 336,000.

Economic events for the week ending January 15, 2021

(all times listed are Eastern)

- Tuesday: JOLTs Job Openings for November at 10.00am.
- Wednesday: CPI for December at 8.30am.
- Thursday: Initial Jobless Claims at 8.30am.
- Friday: PPI for December at 8.30am.
- Friday: Retail sales for December at 8.30am.
- Friday: NY Empire State Manufacturing Index for January at 8.30am.
- Friday: Industrial Production for December at 9.15am.
- Friday: Michigan Consumer Sentiment for January at 10.00am.

Bond market returns

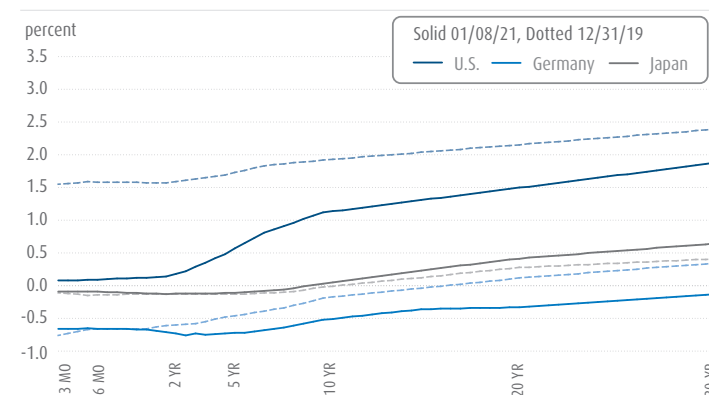
	U.S. Aggregate	Intermediate Gov't/Credit	U.S. Treasury	Inv. Grade Corporates	MBS	1-10-Yr Municipals	High Yield	EM Corporates
1-Week Total Return	-0.94%	-0.46%	-1.18%	-1.52%	-0.11%	-0.03%	0.23%	-0.52%
MTD Total Return	-0.94%	-0.46%	-1.18%	-1.52%	-0.11%	-0.03%	0.23%	-0.52%
3-Month Total Return	0.05%	0.18%	-1.28%	1.61%	0.13%	1.17%	5.65%	3.36%
YTD Total Return	-0.94%	-0.46%	-1.18%	-1.52%	-0.11%	-0.03%	0.23%	-0.52%
12-Month Total Return	6.41%	5.86%	6.56%	8.35%	3.67%	3.71%	7.02%	6.96%
Effective Duration (years)	6.08	4.14	7.11	8.73	2.13	3.85	3.61	4.72
Effective Maturity (years)	8.20	4.47	8.36	12.25	4.00	5.97	6.44	6.74
Yield to Worst	1.21%	0.68%	0.68%	1.88%	1.25%	0.64%	4.16%	3.72%
OAS (basis points)	37	24	NA	95	22	NA	348	316
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	0.14	0.12	0.12	0.12
5-Year Treasury	0.48	0.36	0.36	0.36
10-Year Treasury	1.12	0.92	0.92	0.92
2-Year AAA Muni	0.15	0.13	0.13	0.13
5-Year AAA Muni	0.24	0.21	0.21	0.21
10-Year AAA Muni	0.75	0.68	0.68	0.68
2-Year A Corporate	0.34	0.32	0.32	0.32
5-Year A Corporate	0.88	0.77	0.77	0.77
10-Year A Corporate	1.82	1.62	1.62	1.62

Fixed income markets

Developed markets | Government Bond yield curves



Source: Barclays Capital, Bloomberg.

For general information only.

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



¹ 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® Index (S&P 500®) 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® Index (Russell 1000®) consists of approximately 1,000 of the largest companies in the U.S. equity markets.

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

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

Russell Midcap® Index (Russell Midcap®) measures the performance of the smallest 800 U.S. companies in the Russell 1000 Index.

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

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

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

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

Russell 2000® 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

For further information,
please visit our websites at:

BMO Funds
bmofunds.com

BMO Global Asset Management
bmogam.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.

This is not intended to serve as a complete analysis of every material fact regarding any company, industry or security. The opinions expressed here reflect our judgment at this date and are subject to change. Information has been obtained from sources we consider to be reliable, but we cannot guarantee the accuracy. This publication is prepared for general information only. This material does not constitute investment advice and is not intended as an endorsement of any specific investment. It does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. Investors should seek advice regarding the appropriateness of investing in any securities or investment strategies discussed or recommended in this report and should understand that statements regarding future prospects may not be realized. Investment involves risk. Market conditions and trends will fluctuate. The value of an investment as well as income associated with investments may rise or fall. Accordingly, investors may receive back less than originally invested. Investments cannot be made in an index. **Past performance is not necessarily a guide to future performance.**

BMO Global Asset Management is the brand name for various affiliated entities of BMO Financial Group that provide investment management and trust and custody services. Certain of the products and services offered under the brand name BMO Global Asset Management are designed specifically for various categories of investors in a number of different countries and regions and may not be available to all investors. Those products and services are only offered to such investors in those countries and regions in accordance with applicable laws and regulations. BMO Financial Group is a service mark of Bank of Montreal (BMO).

BMO Asset Management Corp., BMO Private Bank, BMO Harris Bank N.A. and BMO Harris Financial Advisors, Inc. are affiliated companies. BMO Private Bank is a brand name used in the United States by BMO Harris Bank N.A. BMO Harris Financial Advisors, Inc. is a member FINRA/SIPC, an SEC registered investment adviser and offers investments, advisory services and insurance products. Not all products and services are available in every state and/or location.

Securities, investment advisory and insurance products are:

NOT A DEPOSIT — NOT FDIC INSURED — NOT BANK GUARANTEED — MAY LOSE VALUE.

© 2021 BMO Financial Corp. (11827373, 01/21)