

# Market Perspectives

## Weekly equity markets snapshot

As of January 15, 2021

### Market related news for the week ending January 15, 2021

- After reaching an all-time high of \$42,000 last Friday, Bitcoin fell to around \$31,000 Monday.
- Monday Goldman Sachs, JPMorgan, and Morgan Stanley said they will delist 500 Hong Kong-listed structured products linked to China Mobile, China Telecom, China Unicom and local indexes including the Hang Seng. The move comes after clarification from the Office of Foreign Assets Control that states Americans are banned from investing in Chinese companies that the U.S. considers to have links with China's military.
- Wednesday Reuters and the Wall Street Journal reported that President-elect Biden will tap former Goldman Sachs banker Gary Gensler to lead the U.S. Securities and Exchange commission. Gensler served as chair of the Commodity Futures Trading Commission under the Obama administration, and was known to be the most aggressive in implementing the Dodd-Frank financial reform law that was opposed by Wall Street.
- Intel shares were up 7% Wednesday on the news that CEO Robert Swan was being replaced by 30-year Intel veteran Patrick Gelsinger.
- Wednesday Affirm, a company that finances online shopping for consumers, finished its first day of trading on the Nasdaq up 98%.
- Thursday Petco went public for the third time, and ended the day up 68%.
- Thursday Biden began revealing his economic agenda, saying he would ask Congress for \$1.9 trillion which would include \$1,400-per-person direct payments to most households, a \$400-per-week unemployment supplement through September, \$25 billion in rental assistance and an extended federal eviction moratorium, \$50 billion for COVID-19 testing, \$20 billion for vaccine distribution, and \$350 billion for state and local governments.

### Market levels

	01/15/21	12/31/20	Market Low
Dow	30,814	30,606	6,547 (3/09)
S&P 500®	3,768	3,756	677 (3/09)
NASDAQ	12,999	12,888	1,268 (3/09)
VIX	24.34	22.75	56.7 (1/09)

### Market total returns

	1 Week	QTD	YTD	2020
Dow	-0.91%	0.73%	0.73%	9.72%
S&P 500®	-1.46%	0.38%	0.38%	18.39%
NASDAQ	-1.54%	0.87%	0.87%	45.06%
Russell Midcap®	-0.06%	3.12%	3.12%	17.10%
Russell 2000®	1.51%	7.53%	7.53%	19.93%
MSCI EAFE (Net)	-1.36%	1.76%	1.76%	7.82%
MSCI EM (Net)	0.33%	5.18%	5.18%	18.31%
FTSE NAREIT All Eq	1.93%	-0.54%	-0.54%	-5.08%

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

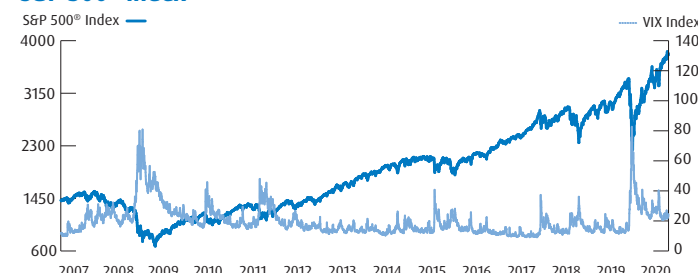
EAFE countries	1 Week	YTD	Emerging countries	1 Week	YTD
UK	-1.98%	4.29%	MSCI BRIC	0.93%	4.67%
Germany	-1.86%	0.50%	Brazil	-3.78%	1.12%
France	-1.67%	1.22%	Russia	0.55%	6.39%
Switzerland	0.73%	1.62%	India	0.53%	2.70%
Japan	1.35%	3.92%	China	-0.10%	2.69%
Australia	-0.63%	1.95%	S. Korea	-2.10%	7.39%

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

### Real assets

	01/15/21	12/31/20	YTD
Gold	\$1,828.45	\$1,898.36	-3.68%
Oil	\$52.36	\$48.52	7.91%
Nat Gas	\$2.74	\$2.54	7.80%
Bloomberg Commod.	\$80.46	\$78.05	3.08%
USD Index	\$90.77	\$89.94	0.93%
USD/EUR	\$1.21	\$1.22	-1.10%

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



### Style returns

#### One week

	Large	Mid	Small
V	-0.14%	0.41%	1.74%
G	-2.36%	-0.89%	1.31%

#### Year-to-date

	Large	Mid	Small
V	2.79%	3.65%	7.80%
G	-1.16%	2.19%	7.28%

Russell Value and Growth Indices

### Index characteristics

	Trlg P/E	Fwd P/E	Div Yield	Earn Yield
S&P 500®	27.54	19.56	1.57	3.63
MSCI EAFE	23.61	15.74	2.76	4.24
MSCI EM	21.64	14.00	2.21	4.62
Russell 1000®	27.38	20.56	1.50	3.65
Russell 2000®	22.25	27.11	0.98	4.49

### S&P sector performance

	Weight	1 Week	QTD	YTD
Information technology	27.1%	-2.6%	-2.2%	-2.2%
Health care	13.9%	-0.3%	3.0%	3.0%
Consumer discretionary	12.9%	-1.9%	1.9%	1.9%
Financials	10.8%	0.0%	4.8%	4.8%
Telecommunications	10.3%	-3.6%	-3.6%	-3.6%
Industrials	8.4%	-0.9%	0.2%	0.2%
Consumer staples	6.3%	-2.0%	-2.9%	-2.9%
Utilities	2.7%	1.1%	0.4%	0.4%
Materials	2.7%	-1.6%	4.0%	4.0%
Energy	2.6%	3.2%	12.8%	12.8%
REITs	2.3%	1.9%	-0.8%	-0.8%

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 15, 2021

### Economic news for the week ending January 15, 2021

- Tuesday: JOLTs Job Openings for November were 6.527 million, slightly down from the October number.
- Wednesday: CPI for December was 0.4% or 1.4% year-on-year. Core CPI was 0.1% or 1.6% year-on-year.
- Thursday: Initial Jobless Claims were 965,000, much higher-than-expected.
- Friday: PPI for December came in at 0.3%, or 0.8% year-on-year.
- Friday: Retail sales for December fell 0.7%, much more than expected. The year-on-year gain was 2.9%.
- Friday: NY Empire State Manufacturing Index for January was 3.50, lower than expected.
- Friday: Industrial Production for December rose 1.6% much more than expected. Year-on-year saw a drop of 3.6%.
- Friday: Michigan Consumer Sentiment (prelim) for January was 79.2.

### Economic events for the week ending January 22, 2021

(all times listed are Eastern)

- Monday: Martin Luther King Jr. Day.
- Wednesday: NAHB Housing Market Index for January at 10.00am.
- Thursday: Building Permit for December at 8.30am.
- Thursday: Housing Starts for December at 8.30am.
- Thursday: Initial Jobless Claims at 8.30am.
- Thursday: Philadelphia Fed Manufacturing Index for January at 8.30am.
- Friday: Manufacturing PMI (prelim) for January at 9.45am.
- Friday: Markit Composite PMI (prelim) for January at 9.45am.
- Friday: Services PMI (prelim) for January at 9.45am.
- Friday: Existing Home Sales for December at 10.00am.

### Bond market returns

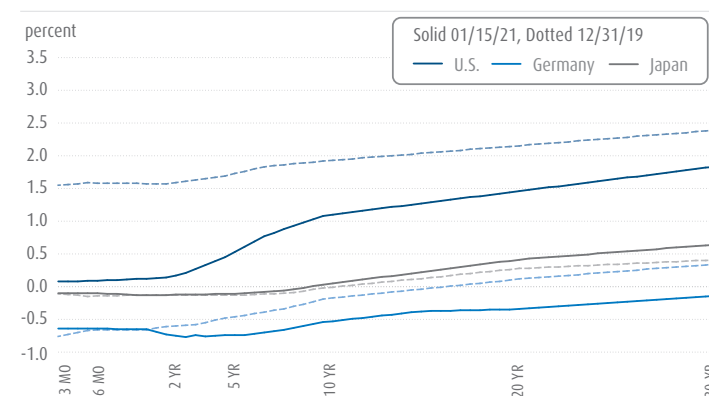
	U.S. Aggregate	Intermediate Gov't/Credit	U.S. Treasury	Inv. Grade Corporates	MBS	1-10-Yr Municipals	High Yield	EM Corporates
1-Week Total Return	0.19%	0.10%	0.10%	0.38%	0.13%	0.04%	0.12%	0.11%
MTD Total Return	-0.76%	-0.36%	-1.08%	-1.14%	0.02%	0.01%	0.35%	-0.41%
3-Month Total Return	-0.18%	0.04%	-1.66%	1.16%	0.37%	1.19%	5.18%	3.04%
YTD Total Return	-0.76%	-0.36%	-1.08%	-1.14%	0.02%	0.01%	0.35%	-0.41%
12-Month Total Return	6.00%	5.65%	6.01%	7.77%	3.54%	3.43%	6.80%	6.45%
Effective Duration (years)	6.09	4.16	7.16	8.75	2.08	3.83	3.65	4.74
Effective Maturity (years)	8.22	4.48	8.41	12.26	3.98	5.95	6.46	6.73
Yield to Worst	1.18%	0.67%	0.67%	1.85%	1.21%	0.63%	4.18%	3.73%
OAS (basis points)	36	24	NA	94	19	NA	350	318
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	0.14	0.12	0.12
5-Year Treasury	0.45	0.48	0.36	0.36
10-Year Treasury	1.08	1.12	0.92	0.92
2-Year AAA Muni	0.16	0.15	0.13	0.13
5-Year AAA Muni	0.25	0.24	0.21	0.21
10-Year AAA Muni	0.76	0.75	0.68	0.68
2-Year A Corporate	0.34	0.34	0.32	0.32
5-Year A Corporate	0.85	0.88	0.77	0.77
10-Year A Corporate	1.78	1.82	1.62	1.62

### Fixed income markets

Developed markets | Government Bond yield curves



Source: Barclays Capital, Bloomberg.

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



<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® 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,  
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BMO Funds  
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BMO Global Asset Management  
[bmogam.com](http://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.

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