

Economic & Market Recap – September 2021

Economic News

U.S.

- Headlining the economic calendar was a disappointing jobs report for the month of August which showed nonfarm payrolls increased by 235,000, well below the consensus forecast and the slowest pace of gains since in roughly a year.
- The Citi Economic Surprise Index moved to its lowest point since June 2020 in the month of September amid underwhelming economic reports when compared to analyst consensus expectations.
- A bright spot in economic data that hit the tape during September was better than expected retail sales report and the consumer price index (a measure of inflation) coming below forecasts.

Market News

Fixed Income

- Government bond yields rose across the curve as investors braced for the Federal Reserve to begin tapering its \$120B/month in bond purchases. The U.S. 10-year Treasury yield exceeded 1.5% for the first time since June as a result.
- Congress remains in a stalemate over the U.S. debt ceiling – a technical default could have serious consequences for the economy and future U.S. borrowing costs.
- High-yield bond issuance is on pace for a record year as investor appetite for yield reaches a fever pitch - U.S. companies with a “junk” credit-rating have borrowed nearly \$800B so far in 2021.

Equities

- U.S. Stock returns continued the historic trend of underperforming in September, notching the first month of negative performance since January of this year.
- A surging 10-year Treasury yield weighed on growth stocks and stocks that traditionally carry significant debt on their balance sheet as the implied cost of capital rose.
- Energy stocks saw extremely strong performance relative to the rest of the market as crude oil prices surged on supply issues and expectations for strong demand going into the winter months.
- Non-U.S. equities broadly underperformed, and lag U.S. market returns year-to-date as the U.S. economic recovery is farther along than most other countries.

Real Assets

- Crude oil prices approached \$80/barrel for the first time since 2018 while Coal and Natural Gas prices are up ~190% since January 2020. Profitability and stock performance for companies in the Energy sector improved accordingly.
- Broadly, real assets continued to perform well as raw material and commodity prices remain elevated due to supply chain disruptions and relatively robust economic activity

Selected Index Performance*

Index (as of 9/30/21)	MTD	QTD	YTD	1-year
Barclays U.S. Aggregate	-0.87%	0.05%	-1.55%	-0.9%
Barclays U.S. High Yield	-0.01%	0.89%	4.53%	11.28%
S&P 500	-4.76%	0.23%	14.68%	28.09%
DJ Industrial Average	-4.29%	-1.91%	10.58%	21.82%
Russell 2000	-2.95%	-4.36%	12.41%	47.68%
MSCI World	-4.29%	-0.35%	11.77%	27.01%
MSCI EAFE	-3.19%	-1.03%	6.23%	22.96%
MSCI Emerging Markets	-4.25%	-8.84%	-2.96%	15.81%

Selected Economic and Market Data**

Indicator	Actual	Consensus	Prior
Case-Shiller Home Price Index (Jul)	1.5%	1.6%	1.8%
U.S. Inflation (CPI, Aug., annualized rate)	5.3%	-	5.4%
U.S. Unemployment (Aug)	5.2%	5.2%	5.4%
U.S. GDP Growth (Q2, annualized rate)	6.7%	6.6%	6.6%
Indicator	Latest as of 9/30/21	1-Year Prior	2021 Forecast
Crude Oil (WTI)	\$75.03/bbl	\$37.05/bbl	-
Gold Price/oz	\$1,757/oz	\$1,908/oz	-
10-year Treasury Yield	1.487%	0.698%	-
S&P 500 Index Level	4,308	3,348	4,433

*Index Performance data sourced from Morningstar

**Economic and Market Data sourced from Morningstar and Conference Board

Disclosures

The information provided is based on internal and external sources that are considered reliable; however, the accuracy of this information is not guaranteed. This piece is intended to provide accurate information regarding the subject matter discussed. Investing involves risk including the potential loss of principal. No investment strategy, including asset allocation and diversification, can guarantee a profit or protect against loss in periods of declining values. Individuals should consider their specific financial needs, investment objectives and risk tolerance before making an investment.

Past performance is no guarantee of future results. Indexes are unmanaged and investors are not able to invest directly into any index. This information does not constitute a solicitation or an offer to buy or sell any security mentioned.

The return of principal for bond funds and funds with significant underlying bond holdings is not guaranteed. Fund shares are subject to the same interest rate, inflation and credit risks associated with the underlying bond holdings. Lower rated bonds are subject to greater fluctuations in value and risk of loss of income and principal than higher rated bonds. Bond prices fluctuate inversely to changes in interest rates. Therefore, a general rise in interest rates can result in the decline of the value in your investment.

Equity investments refer to buying stocks of U.S. companies as well as companies outside of the U.S. The market capitalization of U.S. companies is used to group large, medium (mid) and small companies. The investment return to the owner of stock (shareholder) is in the form of dividends and/or capital appreciation. Shareholders share in both the upside potential and the downside risk. Dividends are not guaranteed and are subject to change or elimination.

There are special risks associated with an investment in real estate, including credit risk, interest rate fluctuations and the impact of varied economic conditions. Distributions from REIT investments are taxed at the owner's tax bracket.

Buying commodities allows for a source of diversification for those sophisticated persons who wish to add commodities to their portfolios and who are prepared to assume the risks inherent in the commodities market. Any purchase represents a transaction in a non-income-producing commodity and is highly speculative. Therefore, commodities should not represent a significant portion of an individual's portfolio.

Benjamin F. Edwards® & Co. (BFE) is a dually-registered broker-dealer and investment adviser and member of FINRA and SIPC, and its affiliate Benjamin F. Edwards Wealth ManagementSM LLC, d/b/a Edwards Wealth ManagementSM (EWM) is an SEC-registered investment adviser. BFE and EWM are affiliates through their common ownership by Benjamin Edwards, Inc. Depending on the context, the name Benjamin F. Edwards® refers to either EWM, BFE or both.

2021-2308 Exp. 10/31/2022