



Monthly Market Review

U.S. Equity

- Domestic equity markets, as represented by the S&P 500 Index (S&P), returned 3.04% in August, its seventh consecutive positive gain.
- Within the S&P, 10 out of 11 sectors posted positive returns. Financials did best, returning 5.14%. Telecom followed, returning 5.01%. The Energy sector was the worst performer of the month and returned -2.04%.
- By market capitalization, small-caps (Russell 2000) returned 2.23%, large-caps (Russell 1000 Index) returned 2.89%, and mid-caps (Russell Mid Cap Index) returned 2.54%. Growth stocks outperformed value stocks across mid- and large-cap.

Non-U.S. Equity

- Non-U.S. equity markets, represented by the MSCI ACWI ex-U.S., returned 1.90%. Developed markets, represented by the MSCI EAFE Index, returned 1.76%, while emerging markets (EM), represented by the MSCI Emerging Markets Index, returned 2.62% in August.
- Within the ACWI ex-U.S. Index, nine out of 11 sectors posted positive returns. Information Technology did best, returning 4.50%, followed by Utilities, returning 3.73%. Consumer Discretionary was the worst performer, returning -1.88%.
- Within the MSCI Emerging Markets Index, the EMEA Region (Europe, the Middle East and Africa) performed best during the month, returning 3.42%, while Canada lagged for the month, returning 0.20%.

Fixed Income

- In August, the curve steepened slightly, with rates further out the curve increasing to some extent, while rates shorter than 2 years remained flat. The Bloomberg Barclays U.S. Aggregate Index (Aggregate) decreased -0.19%, ending the 5-month streak of gains. The 10- and 30-year treasuries rates increased nine and four basis points (bps) respectively during the month, leading to the broad treasury index returning -0.16%. Credit spreads stayed relatively constant with the exception of EM sovereigns, which saw a narrowing of 14 bps, and high yield corporates which saw a narrowing of six bps.
- Within the investment-grade (IG) credit spectrum, AAA-rated bonds returned -0.14%, AA-rated bonds returned -0.25%, A-rated bonds returned -0.29%, and BBB-rated bonds returned -0.21%.
- Yields generally increased across the U.S. Treasury yield curve in August.

Alternatives and Other Asset Classes

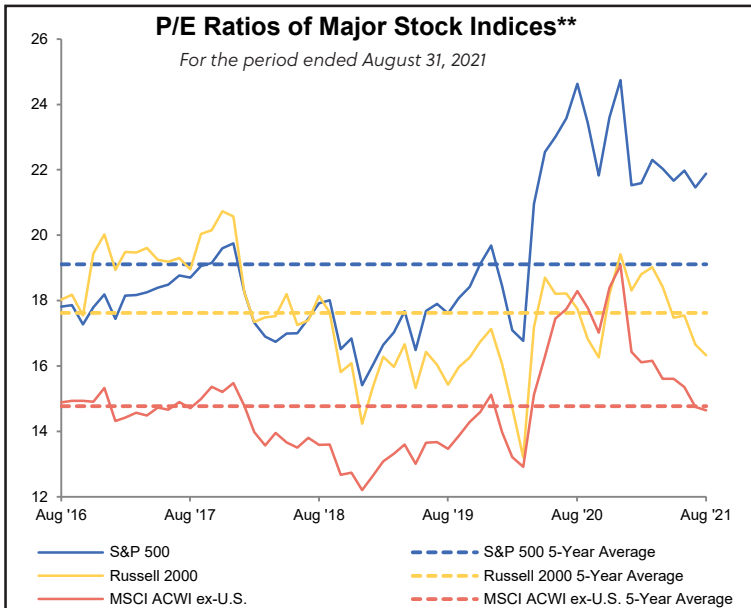
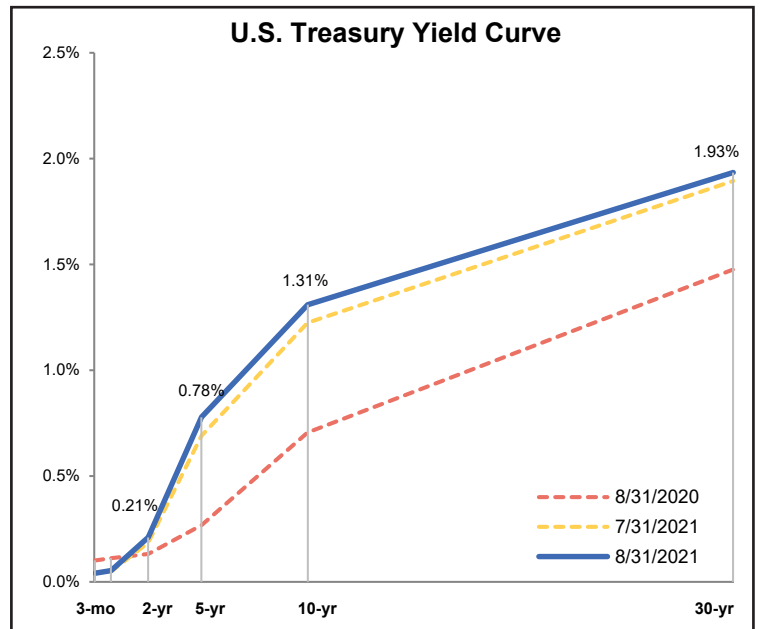
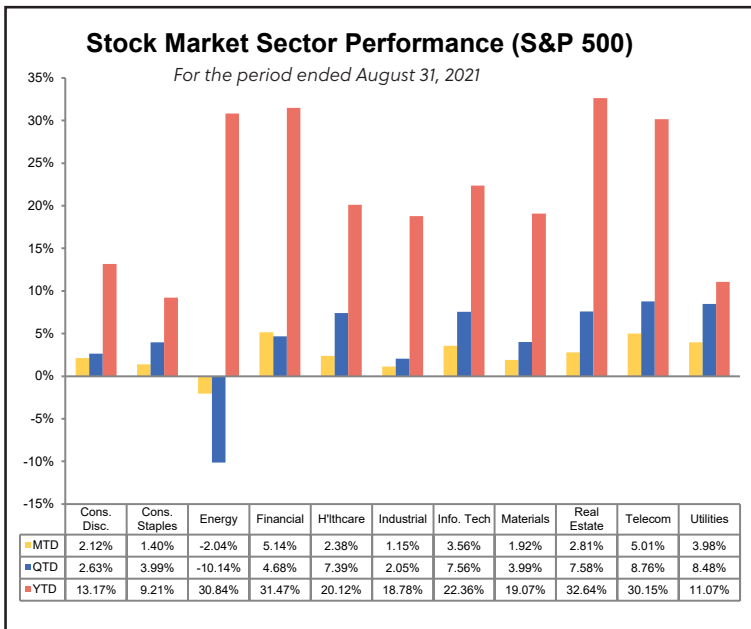
- Real estate investment trusts (REITs) represented by the FTSE NAREIT index rose 1.84% in August. Performance was positive in six out of nine real estate sectors. Self-Storage did the best, returning 5.27%. The worst performing REIT sector of the month was Healthcare, returning -2.67%.
- The active contract for West Texas Intermediate (WTI) crude fell to \$68.50/barrel in August from \$73.95/barrel at the end of July, as concerns grew that the global economic recovery might slow due to COVID-19 variants.

Items to Watch

- The July trade report showed the United States and the rest of the world on a path toward normalcy, as the trade deficit narrowed to \$70 billion in July of 2021. A decline in the goods deficit to \$87.7 billion and a decrease in the services surplus to \$17.7 billion was credited for the result. If this trend is sustained, it could potentially boost third-quarter gross domestic product (GDP) growth. However, some of the factors that drove this narrowing involve supply chain issues, such as the long wait times at U.S. ports, which may prove to be temporary in nature.
- U.S. consumer confidence fell to a six-month low as worries about the spread of the delta variant and higher inflation weighed on economic outlooks. The consumer spending surge that has existed over the past few months has also been losing momentum. However, businesses generally reported in favorable tones as multiple economic indicators showed positive signs. Inventories improved, general manufacturing indices rose and prices paid decreased.
- The U.S. economy added 235,000 jobs in August, much weaker than the 733,000 expected. That said, the unemployment rate declined by 0.2% to 5.2%. Notable job gains occurred in professional and business services, transportation and warehousing, private education, and manufacturing. Employment in retail trade declined over the month, a reversal of the last year's return to normalcy in the sector.
- In the Eurozone, inflation kept climbing at an extraordinary pace. Broad consumer prices were 3% higher in August than a year earlier, a pickup from the 2.2% rate of inflation recorded in July and the sharpest rise since November 2011. While the rate is significantly above its stated 2% goal, the European Central Bank said explicitly that it would leave its key interest rate steady if a period of inflation running above that goal appeared to be "transitory."

Total Return of Major Indices as of 08/31/21				
Domestic Equity	MTD	QTD	YTD	1 YR
S&P 500	3.04%	5.49%	21.57%	31.15%
Russell 3000	2.85%	4.59%	20.38%	33.03%
Russell 2000	2.23%	-1.46%	15.82%	47.05%
Russell 1000	2.89%	5.03%	20.73%	32.24%
International Equity	MTD	QTD	YTD	1 YR
MSCI ACWI ex-U.S.	1.90%	0.22%	9.40%	24.87%
MSCI EAFE	1.76%	2.53%	11.58%	26.12%
MSCI Emerging Markets	2.62%	-4.29%	2.84%	21.12%
Fixed Income	MTD	QTD	YTD	1 YR
Bloomberg Barclays U.S. Agg	-0.19%	0.93%	-0.69%	-0.08%
Bloomberg Barclays Global Agg	-0.42%	0.91%	-2.33%	0.52%
Bloomberg Barclays U.S. HY	0.51%	0.90%	4.55%	10.14%
Alternatives	MTD	QTD	YTD	1 YR
FTSE NAREIT Equity	1.84%	6.74%	30.17%	40.49%
Bloomberg Commodity	-0.30%	1.53%	22.97%	30.92%

Economic Indicators		
Domestic	Current	Previous Month
Unemployment Rate (%)	5.2%	5.4%
Initial Jobless Claims (4 week average)	355 K	366.8 K
CB Leading Economic Indicators	0.9	0.5
Capacity Utilization	76.1%	75.4%
GDP (annual growth rate)	6.6%	6.3%
University of Michigan Consumer Confidence	70.3	81.2
New Home Starts	708 K	701 K
Existing Home Sales	6 MM	5.9 MM
Retail Sales (YoY)	15.8%	18.6%
U.S. Durable Goods (MoM)	-0.1%	0.8%
Consumer Price Index (YoY)	5.4%	5.4%
Producer Price Index (MoM)	0.6%	1.2%
Developed International*	6/30/2021	3/31/2021
Market GDP (annual rate)	10.4%	0.1%
Market Unemployment	6.9%	7.2%



Source: Bloomberg. Data as of August 31, 2021, unless otherwise noted.
 *Developed market data is calculated with respect to the weightings in the MSCI World ex-U.S. Index. Most current data is as of June 30, 2021 due to release dates of numerous countries.
 **P/E ratios are calculated based on one-year-forward estimates and adjusted to include only positive earning results for consistency.

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