

Open-End Net Fund Flows (\$)	4/21	3/21	YTD (Apr)
Equity	-34.92B	-6.84B	-148.93B
Taxable Bond	44.02B	32.81B	191.46B
Municipal Bond	8.80B	6.33B	34.97B
Hybrid	0.18B	0.54B	-3.26B
Taxable Money Market	34.89B	131.25B	204.69B

Key Interest Rates	5/28/21	12/31/20	5/29/20
Federal Funds Target Rate	0.25%	0.25%	0.25%
ICE LIBOR (3-Month)	0.13%	0.24%	0.34%
2-Year T-Note	0.14%	0.12%	0.16%
10-Year T-Note	1.60%	0.92%	0.65%
Bond Buyer 40	3.43%	3.46%	3.72%

Commodities/U.S. Dollar	5/21	YTD	12 Mo.
U.S. Dollar Index (DXY)	-1.37%	0.10%	-8.45%
Refinitiv/CC CRB Excess Ret.	2.97%	22.59%	55.55%
Crude Oil/WTI (per Barrel)	4.31%	36.69%	86.87%
Natural Gas (per million BTUs)	2.05%	17.72%	61.62%
Gold Bullion (Ounce)	7.63%	0.39%	9.53%

Total Return Performance

U.S. Stock Indices	5/21	YTD	12 Mo.
S&P 500	0.70%	12.61%	40.30%
DJIA	2.21%	13.76%	38.79%
NASDAQ 100	-1.17%	6.52%	44.31%
S&P MidCap 400	0.20%	18.81%	56.75%
Russell 2000	0.21%	15.30%	64.54%
Russell 3000	0.46%	12.33%	43.89%

U.S. Styles/Market Caps	5/21	YTD	12 Mo.
S&P 500 Growth	-0.89%	8.15%	39.23%
S&P 500 Value	2.41%	17.67%	39.82%
S&P MidCap 400 Growth	-1.75%	11.09%	45.86%
S&P MidCap 400 Value	1.94%	26.52%	67.93%
Russell 2000 Growth	-2.86%	4.10%	50.12%
Russell 2000 Value	3.11%	27.46%	79.34%

Foreign Stock Indices (USD)	5/21	YTD	12 Mo.
MSCI World NET (Ex-U.S.)	3.85%	11.44%	40.10%
MSCI Emerging Markets NET	1.15%	6.03%	49.27%
MSCI Europe NET	4.33%	13.52%	42.74%
MSCI BRIC NET	2.20%	3.44%	41.97%
MSCI EM Latin America NET	7.20%	5.24%	47.43%
Nikkei 225	0.73%	0.60%	33.02%

Bloomberg Barclays Bond Ind.	5/21	YTD	12 Mo.
U.S. Treasury: Intermediate	0.32%	-1.07%	-1.03%
GNMA 30 Year	-0.33%	-0.97%	-1.07%
Municipal Bond (22+)	0.71%	1.63%	7.76%
U.S. Aggregate	0.33%	-2.29%	-0.40%
Intermediate Corporate	0.58%	-0.90%	3.84%
U.S. Corporate High Yield	0.30%	2.25%	14.96%
Global Aggregate	0.74%	-2.54%	4.60%
EM Hard Currency Aggregate	0.98%	-1.29%	9.44%

Sources: Bloomberg, Bloomberg Barclays, Investment Company Institute

Past performance is no guarantee of future results. Historical performance figures for the indices are for illustrative purposes only and not indicative of any actual investment. Indices are unmanaged and an investor cannot invest directly in an index.

Climate

The recovery from the COVID-19 pandemic rolls on as more states and companies head towards reopening. Oh, and the banks are back. Data provided by *U.S. News & World Report* indicates that approximately 80% of states are in the process of reopening their economies, but many still enforce some restrictions. A recent survey of 231 human resource leaders by the Conference Board found that 72% of companies believe that employees will be able to return to the workplace over the next five months, according to *USA TODAY*. Nearly eight out of 10 respondents expect 10% or more of their workers to be allowed to work remotely at least three days a week after the pandemic subsides. The Federal Deposit Insurance Corporation (FDIC) announced that U.S. commercial banks and savings institutions insured by the FDIC reported aggregate net income totaling \$76.8 billion in Q1'21, up \$17.3 billion (29.1%) from Q4'20 and up \$58.3 billion (315.3%) from Q1'20 (COVID-19 onset), according to its own release. Like them or not, having the banks on solid footing is good for the economy, in our opinion.

Stock Market

The S&P 500 Index ("index") closed at 4,204.11 on 5/28/21, 0.67% below its all-time closing high of 4,232.60 on 5/7/21, according to Bloomberg. The index posted a total return of 0.70% in May. Seven of the 11 major sectors that comprise the index were up on a total return basis. The top-performer was Energy, up 5.77%, while the worst showing came from Consumer Discretionary, down 3.81%. The S&P 500 Index posted a total return of 12.61% year-to-date through 5/28/21. All 11 major sectors were up on a total return basis. The top-performer was Energy, up 39.20%, while the worst showing came from Utilities, up 4.74%. In 2019, retail investors accounted for just 10% of the stock market's total trading activity, according to Money. That figure reached 25% in 2020 and has approached 30% this year, according to estimates from Citadel Securities and Themis Trading. This past February, Goldman Sachs estimated that the dollar-value of retail trading (small-lot trades under \$2,000) was up 85% compared to 2020. Some firms, such as Charles Schwab, do not believe these COVID-19 pandemic trading levels are sustainable. Many companies likely posted decent Q1'21 year-over-year earnings results considering how challenging things were 12 months ago due to the onset of the COVID-19 pandemic. As of the end of May, 85.04% of the 488 S&P 500 Index companies that had reported their Q1'21 earnings beat their consensus estimates, the highest percentage posted in the past 36 quarters, according to S&P Dow Jones Indices. The average over the 36 quarters is 71.21%. The outlook for corporate earnings is encouraging, in our opinion. Bloomberg's consensus earnings growth rate estimates for the S&P 500 Index for 2021, 2022 and 2023 were 34.07%, 12.86% and 10.51%, respectively, as of 5/28/21.

Bond Market

The yield on the benchmark 10-year Treasury note (T-note) closed trading on 5/28/21 at 1.60%, down 3 basis points (bps) from its 1.63% close on 4/30/21, according to Bloomberg. The yield stood 48 bps below its 2.08% average for the 10-year period ended 5/28/21. Demand for fixed-income remains strong. Investment-grade corporate bond issuance totaled \$258 billion through the first four months of 2021, the second-highest total for that period on record, according to FitchRatings. U.S. high-grade bond spreads declined to a 14-year low on 5/28/21, according to Bloomberg. The spread between investment-grade corporate bonds and Treasuries stood at 84 basis points. Climate Bonds Initiative reported that global issuance (sovereign and corporate) of green bonds (fixed-income earmarked to raise capital for climate and environmental projects) totaled \$106.86 billion in Q1'21, according to S&P Capital. That is the strongest quarter on record. The U.S. issued the most green bonds at \$17.6 billion, followed by France's \$11.0 billion.

Takeaway

If you set aside the ongoing debate over how to size up the recent spike in inflation, the narrative shaping the markets has not changed that dramatically – it is still optimistic. The Fed has been steadfast in saying that it intends to keep short-term interest rates artificially low. It continues to buy Treasury bonds and mortgage-backed securities in the open market. While the yield on the benchmark 10-year T-note has risen by 68 basis points to 1.60% this year, it remains extraordinarily low. The federal government continues to pledge its financial support to those in need. Corporate earnings, as measured by the S&P 500 Index, are projected to grow by double digits in 2020, 2021 and 2022. We still have many more pros than cons.

Data as of 5/28/21

Index	10-Yr. High Value	Date	10-Yr. Low Value	Date	Month-End Value	% Off High Value	YTD Return (USD)	Month-End Yield
S&P 500	4232.60	5/7/2021	1099.23	10/3/2011	4204.11	-0.67%	12.61%	1.37%
S&P 500 Growth	2829.13	4/26/2021	598.65	10/3/2011	2778.24	-1.80%	8.15%	0.75%
S&P 500 Value	1487.69	5/7/2021	494.97	10/3/2011	1477.50	-0.68%	17.67%	2.03%
S&P MidCap 400	2770.27	5/7/2021	744.98	10/3/2011	2727.44	-1.55%	18.81%	1.22%
S&P MidCap 400 Growth	1353.31	4/26/2021	345.40	10/3/2011	1300.28	-3.92%	11.09%	0.75%
S&P MidCap 400 Value	882.65	5/7/2021	252.35	10/3/2011	870.37	-1.39%	26.52%	1.62%
S&P 100	1919.28	5/7/2021	500.09	10/3/2011	1904.55	-0.77%	11.41%	1.40%
DJIA	34777.76	5/7/2021	10655.30	10/3/2011	34529.45	-0.71%	13.76%	1.74%
NASDAQ 100	14041.91	4/16/2021	2038.22	8/19/2011	13686.51	-2.53%	6.52%	0.73%
Russell 2000	2360.17	3/15/2021	609.49	10/3/2011	2268.97	-3.86%	15.30%	0.95%
Russell 2000 Growth	1709.62	2/9/2021	350.15	10/3/2011	1512.77	-11.51%	4.10%	0.45%
Russell 2000 Value	2532.82	3/12/2021	804.33	10/3/2011	2499.95	-1.30%	27.46%	1.40%
Russell 3000	2523.93	5/7/2021	644.45	10/3/2011	2511.52	-0.49%	12.33%	1.30%
MSCI World Net (ex U.S.) (USD)	7703.45	5/28/2021	3369.63	10/4/2011	7703.45	0.00%	11.44%	2.43%
MSCI Emerging Markets Net (USD)	699.23	2/17/2021	296.25	1/21/2016	661.79	-5.35%	6.03%	1.91%
Ibovespa/Brazil (USD)	41029.60	7/4/2011	9077.09	1/21/2016	24018.48	-41.46%	4.87%	3.02%
RTS/Russia (USD)	1987.79	7/26/2011	628.41	1/20/2016	1603.79	-19.32%	17.38%	4.52%
S&P BSE 500/India (USD)	288.27	5/28/2021	95.89	9/3/2013	288.27	0.00%	15.44%	0.82%
Shanghai Composite/China (USD)	832.07	6/12/2015	314.68	12/3/2012	565.41	-32.05%	6.44%	1.96%
KOSPI/South Korea (USD)	2.92	5/10/2021	1.16	3/19/2020	2.86	-1.98%	8.58%	1.87%
Hang Seng (USD)	4241.01	1/26/2018	2087.46	10/4/2011	3752.47	-11.52%	7.92%	2.38%
MSCI Euro (USD)	1672.55	5/28/2021	814.62	6/1/2012	1672.55	0.00%	16.34%	2.22%
S&P 500 Consumer Discretionary	1440.19	4/16/2021	267.58	10/3/2011	1380.08	-4.17%	6.22%	0.56%
S&P 500 Consumer Staples	731.01	5/25/2021	293.02	8/10/2011	725.46	-0.76%	5.21%	2.73%
S&P 500 Energy	737.09	6/23/2014	179.94	3/18/2020	389.82	-47.11%	39.20%	4.21%
S&P 500 Utilities	359.13	2/18/2020	152.93	8/8/2011	329.58	-8.23%	4.73%	3.34%
S&P 500 Financials	630.13	5/28/2021	151.85	10/3/2011	630.13	0.00%	29.43%	1.61%
S&P 500 Banks	430.45	5/17/2021	105.73	8/22/2011	427.15	-0.77%	36.52%	2.05%
FTSE NAREIT All Equity REITs	835.20	2/14/2020	371.48	10/3/2011	834.58	-0.07%	18.08%	2.88%
S&P 500 Health Care	1447.97	5/24/2021	346.38	8/10/2011	1437.44	-0.73%	9.29%	1.54%
S&P 500 Pharmaceuticals	834.58	5/20/2021	282.86	8/10/2011	819.00	-1.87%	6.20%	2.58%
NYSE Arca Biotechnology	6319.77	2/8/2021	1001.60	11/25/2011	5572.71	-11.82%	-2.81%	0.27%
S&P 500 Information Technology	2519.85	4/26/2021	357.71	8/19/2011	2426.93	-3.69%	6.36%	0.90%
Philadelphia Semiconductor	3305.43	4/5/2021	326.32	8/19/2011	3186.56	-3.60%	14.52%	1.13%
S&P 500 Telecom Services	259.87	4/29/2021	115.22	8/8/2011	257.37	-0.96%	16.50%	0.83%
S&P 500 Industrials	891.14	5/10/2021	245.04	10/3/2011	886.44	-0.53%	19.03%	1.30%
S&P 500 Materials	556.90	5/17/2021	179.78	10/3/2011	547.32	-1.72%	20.91%	1.58%
Philadelphia Gold & Silver	227.03	9/8/2011	38.84	1/19/2016	163.96	-27.78%	14.45%	1.11%
Refinitiv/CC CRB Excess Return	350.84	6/9/2011	106.29	4/21/2020	205.70	-41.37%	22.59%	N/A
ICE BofA Perpetual Preferred	311.94	5/28/2021	146.25	8/8/2011	311.94	0.00%	0.96%	4.01%
ICE BofA U.S. High Yield Constrained	507.04	5/10/2021	250.64	10/4/2011	506.67	-0.07%	2.28%	4.73%

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