



**Equities**

Equities endured a volatile start to 2022 as rising yields weighed on growth stocks. The U.S. lagged most other markets as high-multiple tech shares were hit hardest. The Nasdaq 100 plunged -4.46%, its worst week since Feb 2021 on the back of real 10-year yields surging to the highest in almost 2 years. Conversely, cyclicals enjoyed a strong week, with energy and financials climbing 10.61% and 5.36%, respectively. Markets appear to be rapidly internalizing the combination of strong growth and tighter financial conditions, leading to a violent rotation. Shares in Europe declined a more modest -0.32%, while EM stocks fell -0.48% as China got off to a rocky start.

**Fixed income**

Long-term yields surged last week as the 10-year Treasury tested 1.80% before ending the week at 1.76%, the highest since January 2020. The sharp increase in real rates would suggest optimism about growth despite a more hawkish Fed. The 25bps rise in long-term yields YTD caused the Barclays Agg to fall -1.53%, the worst weekly performance since peak volatility in March 2020. High yield is down -0.94% as spreads widen 15 bps.

**Commodities**

Crude prices rose to \$78.90/bbl, up 13.54% over the past month as rates have risen and the Omicron variant has induced OPEC+ into sticking to gradual supply increases. U.S. crude inventories confirmed a healthy market balance, declining for a 6th straight week. Lumber prices are back in the limelight, rising to a new 6-month high and up 150% since September on supply disruptions. Gold declined on the sharp rise in real rates, falling -1.71%.

**Economic overview**

The labor market continued to tighten in December as the unemployment rate dropped to 3.9% from 4.2% in November. The economy added 199,000 new jobs, less than expected, as the labor shortage is becoming a possible headwind to job gains. Still, with broad signs that the economy is at full employment and average hourly earnings up a larger-than-expected 0.6% m/m, the Fed will likely see December's jobs report as reinforcing their recent hawkish pivot. Both the ISM manufacturing and services indices missed expectations for January, although both remain firmly in "expansion" territory.

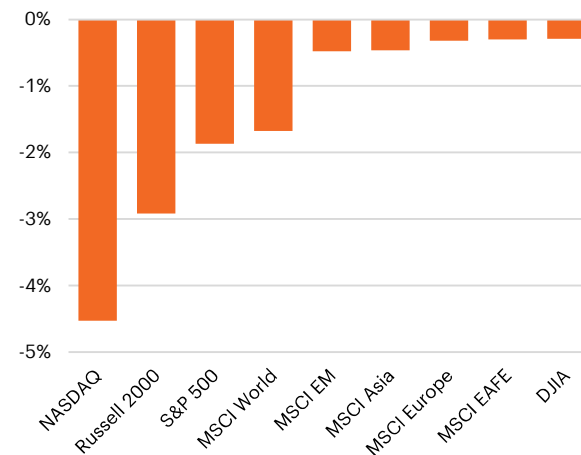
Equities (price index)		MTD	QTD	YTD	2021
S&P 500	4,677.03	-1.87%	-1.87%	-1.87%	26.89%
DJIA	36,231.66	-0.29%	-0.29%	-0.29%	18.73%
NASDAQ	14,935.90	-4.53%	-4.53%	-4.53%	21.39%
Russell 2000	2,179.81	-2.92%	-2.92%	-2.92%	13.70%
MSCI World	3,177.54	-1.68%	-1.68%	-1.68%	20.14%
MSCI Europe	2,086.56	-0.32%	-0.32%	-0.32%	13.75%
MSCI EAFE	2,328.99	-0.30%	-0.30%	-0.30%	8.78%
MSCI Asia	192.22	-0.47%	-0.47%	-0.47%	-3.40%
MSCI EM	1,226.10	-0.48%	-0.48%	-0.48%	-4.59%
VIX	18.76	1.54	1.54	1.54	-5.53

Fixed income (total return index)		MTD	QTD	YTD	2021
Barclays U.S. Agg	2,319.03	-1.53%	-1.53%	-1.53%	-1.54%
Inv. grade bonds	3,455.42	-1.93%	-1.93%	-1.93%	-1.04%
High yield bonds	2,438.28	-0.94%	-0.94%	-0.94%	5.28%
Leveraged Loans	3,325.06	0.29%	0.29%	0.29%	5.20%

Alternatives (total return index)		MTD	QTD	YTD	2021
FTSE NAREIT					
REIT Index	27,475.86	-4.02%	-4.02%	-4.02%	41.30%
GS Commodity Index	578.11	3.02%	3.02%	3.02%	37.05%
Alerian MLP Index	1,217.04	6.89%	6.89%	6.89%	40.17%
HFRX Global*	1,425.27	-0.39%	-0.39%	-0.39%	3.65%

\*1-day lag

**Last week's equity returns**



Commodities		MTD	QTD	YTD	2021
WTI Crude	\$78.90	4.91%	4.91%	4.91%	55.01%
Brent Crude	\$81.75	5.10%	5.10%	5.10%	50.15%
Natural Gas	\$3.92	4.99%	4.99%	4.99%	46.91%
Gold	\$1,797	-1.71%	-1.71%	-1.71%	-3.51%

**Currency**

Currency		MTD	QTD	YTD	2021
Dollar Index (DXY)	95.72	0.05%	0.05%	0.05%	6.37%
USDCNY	6.38	0.34%	0.34%	0.34%	-2.62%
Bitcoin	41,882	-9.61%	-9.61%	-9.61%	59.79%

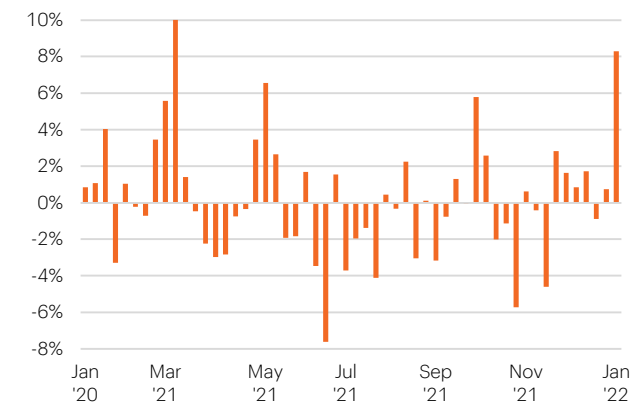
**Spreads**

Spread	MTD	QTD	YTD	2021
Inv. grade bonds	92 bps	0 bps	0 bps	-4 bps
High yield bonds	298 bps	15 bps	15 bps	-77 bps
Leveraged loans	404 bps	-7 bps	-7 bps	-32 bps
Emerging markets	294 bps	-3 bps	-3 bps	16 bps

**Interest rates**

Rate	MTD	QTD	YTD	2021
Fed Funds Target	0%-0.25%	0%-0.25%	0%-0.25%	0%-0.25%
SOFR	0.05%	0 bps	0 bps	0 bps
3-month LIBOR*	0.23%	2 bps	2 bps	2 bps
2-year Treasury	0.86%	13 bps	13 bps	13 bps
10-year Treasury	1.76%	25 bps	25 bps	25 bps
30-year Treasury	2.12%	21 bps	21 bps	21 bps
Barclays U.S. Agg	1.98%	22 bps	22 bps	22 bps
Inv. grade bonds	2.55%	22 bps	22 bps	22 bps
High yield bonds	4.60%	39 bps	39 bps	39 bps

**Weekly relative returns, Value - Growth**



Source: Bloomberg Finance, L.P., as of 1:40pm on 1/7/2022.

## Equities

**S&P 500:** Leading single benchmark of large-cap U.S. equities, representing approximately 500 of the largest U.S. companies. **Dow Jones Industrial Average:** Price-weighted measure of 30 U.S. blue-chip companies. **NASDAQ:** Stock market index of stocks listed on the NASDAQ. Index is heavily weighted toward technology companies. **Russell 2000:** Index measuring performance of approximately 2,000 small-cap U.S. equities. **MSCI World Index:** Broad global equity benchmark including both developed and emerging markets. **MSCI Europe Index:** Equity benchmark that measures the performance of large and mid-cap equities across 15 developed countries in Europe. **MSCI EAFE Index:** Equity benchmark that represents the performance of large and mid-cap securities across 21 developed markets, including countries in Europe, Australasia and the Far East. **MSCI Asia Index:** Equity benchmark that captures large and mid-cap representation across developed market countries and emerging market countries in Asia. **MSCI Emerging Markets Index:** Equity benchmark representing 24 developing or emerging market countries, representing 10% of world market cap. For more info on these MSCI indices, visit MSCI.com. **CBOE Volatility Index (VIX):** Key measure of market expectations of near-term volatility conveyed by S&P 500 stock option price.

## Credit

**Bloomberg Barclays U.S. Aggregate Bond Index:** Broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. **Bloomberg Barclays U.S. Corporate Index:** Measures the USD-denominated, investment-grade, fixed-rate bond market. **Bloomberg Barclays U.S. Corporate High Yield Index:** Measures the USD-denominated, high yield, fixed-rate bond market. **S&P/LSTA U.S. Leveraged Loan Index:** Market value-weighted index designed to measure the performance of the U.S. leveraged loan market.

## Alternatives

**FTSE NAREIT All Equity REITs Index:** Free-float adjusted market cap-weighted index that includes all tax-qualified REITs listed in the NYSE, AMEX, and NASDAQ. **S&P GSCI:** First major investable commodity index. It is one of the most widely recognized benchmarks that is broad-based and production-weighted to represent the global commodity market beta. **Alerian MLP Index:** Leading gauge of energy MLPs, representing about 85% of total industry market cap. **HFRX Global Hedge Fund Index:** Index designed to be representative of the overall composition of the hedge fund universe, comprised of all eligible hedge fund strategies.

## Commodities

**Generic 1st Crude Oil (WTI Crude):** Front-month West Texas Intermediate Crude Oil futures. **Generic 1st Brent Crude Oil (Brent Crude):** Front-month Brent Crude futures. **Generic 1st Natural Gas:** Front-month natural gas futures. **Generic 1st Gold, 100 oz:** Front-month gold (100 oz) futures.

## Currency

**Dollar Spot Index:** Indicates the general international value of the USD by averaging the exchange rates between the USD and major world currencies. **USDCNY:** price of 1 USD in CNY (the Chinese renminbi, or yuan). **Bitcoin:** price of 1 Bitcoin in USD.

## Spreads

**Bloomberg Barclays U.S. Corporate Index:** Measures the USD-denominated, investment grade, fixed-rate, taxable bond market. **Bloomberg Barclays U.S. Corporate High Yield Index:** Measures the USD-denominated, high yield, fixed-rate bond market. **Bloomberg S&P/LSTA U.S. Leveraged Loan Index:** Market value-weighted index designed to measure the performance of the U.S. leveraged loan market. **Barclays EM USD Aggregate Index:** Flagship hard currency emerging market debt benchmark that includes USD-denominated debt from sovereign, quasi-sovereign and corporate EM issuers.

## Interest rates

**Fed funds target:** Target rate for the federal funds policy rate, set by the Federal Reserve each meeting. This rate is an “overnight rate,” i.e., it is the rate charged by depository institutions (banks) to each other for overnight loans. **SOFR:** Secured Overnight Financing Rate (SOFR) measures the cost of borrowing cash overnight collateralized by Treasuries. **ICE 3-Month London Interbank Offered Rate (LIBOR):** Average interest rate at which leading banks borrow funds of a sizable amount from other banks in the London market. LIBOR is the most widely used “benchmark” or reference rate for short-term interest rates. **Treasury rates:** Market yields for U.S. Treasury securities with maturities of 2, 10 and 30 years. **Bloomberg Barclays U.S. Aggregate Bond Index:** Broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. **Bloomberg Barclays U.S. Corporate Index:** Measures the USD-denominated, investment grade, fixed-rate, taxable bond market. **Bloomberg Barclays U.S. Corporate High Yield Index:** Measures the USD-denominated, high yield, fixed-rate bond market.

**Sources:** Bureau of Labor Statistics (BLS), Department of Labor, Bureau of Economic Analysis (BEA), International Monetary Fund (IMF), OECD, Federal Reserve, Institute for Supply Management (ISM), Mortgage Bankers Association (MBA), U.S. Census Bureau, Standard & Poor's, Bank of America Merrill Lynch, Bloomberg, Macrobond.

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