

Weekly Update

08/30/21

		<u>Last Week</u>	<u>YTD Returns</u>
Domestic Equities	S&P 500	1.54%	21.20%
International Developed	MSCI EAFE	1.86%	11.24%
Emerging Markets	MSCI EM	4.28%	0.00%
Fixed Income	BBgBarc US Agg Bond	-0.05%	-0.70%

Stock markets had a nice bounce higher last week. Under the surface, we saw cyclical stocks lead, which also played a part in the better international returns, as those indices are more tilted towards those sectors. The jump in cyclical stocks came alongside the Fed's virtual Jackson Hole meetings, where they signaled their intention to begin tapering bond purchases by the end of the year. While no specifics were given, this paves the way for a more definitive announcement at the September meeting. In our view, the expectation of tapering will lead to a steepening of the yield curve and another period of cyclical leadership in stock markets. This should benefit sectors like energy, industrials, and financials, along with small cap stocks and international markets. Longer-term bond yields have been moving higher in anticipation of the announcement and if rates continue to move higher, as we expect, that could spell trouble in the short-term for many fixed income investments.

*Index returns are from Morningstar and are calculated on a total return basis, with dividends reinvested.