

WEEK IN REVIEW



November 5, 2021

The Bottom Line

- U.S. Equities took flight after a stronger than expected jobs report on Friday. The S&P 500 has closed at new highs for seven days in row.
- Yields plummeted for the week with both the 10-year yield and the 2-year yield falling -10bps.
- The Fed announced a start to the tapering of their asset purchases on Wednesday and labor markets started to show some early signs of improving. The rest of economic news was mixed for the week, with some manufacturing data disappointing, while others surprised to the upside. Mortgage applications tumbled for the week and the U.S. Trade Balance came in larger than expected.

Labor Markets Show Signs of Improving...Finally!

After disappointing for two months in a row, the labor markets finally showed some initial signs of improvement by coming in better than expected on Friday. This was enough to push markets higher and the S&P 500 closed at record highs on Friday and for the previous six days in a row, the S&P 500 was up +2.00% for the week. Nasdaq fared even better than the S&P 500, up +3.05% for the week. The Russell 2000 took home the gold for the week, up a whopping +6.09% for the week. International equities had a solid week as well, the STOXX Europe 600 was up +1.67% for the week and the Nikkei-225 was up +2.49% for the week. The Fed announced a timeline for the tapering of asset purchases in the middle of the week and while the tightening of monetary policy normally acts as a headwind to markets, traders shrugged this off. The strong jobs report for the previous month on Friday suggests that the Fed was correct in starting their tapering process in mid-November, but one strong jobs report may not be enough to reach the Fed's target of full employment. Market participants will continue to keep a close watch on future data releases.

Digits & Did You Knows

BILLIONS – As of the close of stock trading on Monday 10/25/21, Elon Musk was worth 255.2 billion, the first American ever to exceed \$250 billion in net worth. (source: Forbes, BTN Research).

NEW HOMES – the median sales price of a new home sold in the USA in September 2021 was \$408,800, a record high both on a nominal basis and on an inflation-adjusted basis. (source: Census Bureau, BTN Research).

JUST IN CASE – Wyoming has a “rainy day” fund of \$1.1 billion, enough to cover the state's operating expenses for 301 days, longer than any other US State. (source: Pew Charitable Trust, BTN Research).

| Market Snapshot | Index Level | 1-week Price Return | 2021 Price Return |
|--------------------|-------------|---------------------|-------------------|
| EQUITIES | | | |
| S&P 500 | 4,697.53 | +2.00% | +25.07% |
| Nasdaq Composite | 15,971.59 | +3.05% | +23.92% |
| Russell 2000 | 2,437.08 | +6.09% | +23.41% |
| Nikkei-225 (Japan) | 29,611.57 | +2.49% | +7.90% |
| STOXX Europe 600 | 483.44 | +1.67% | +21.15% |
| RATES | | | |
| 2-Year UST Note | 0.40 | -10 bps | 28 bps |
| 10-Year UST Note | 1.45 | -10 bps | 54 bps |



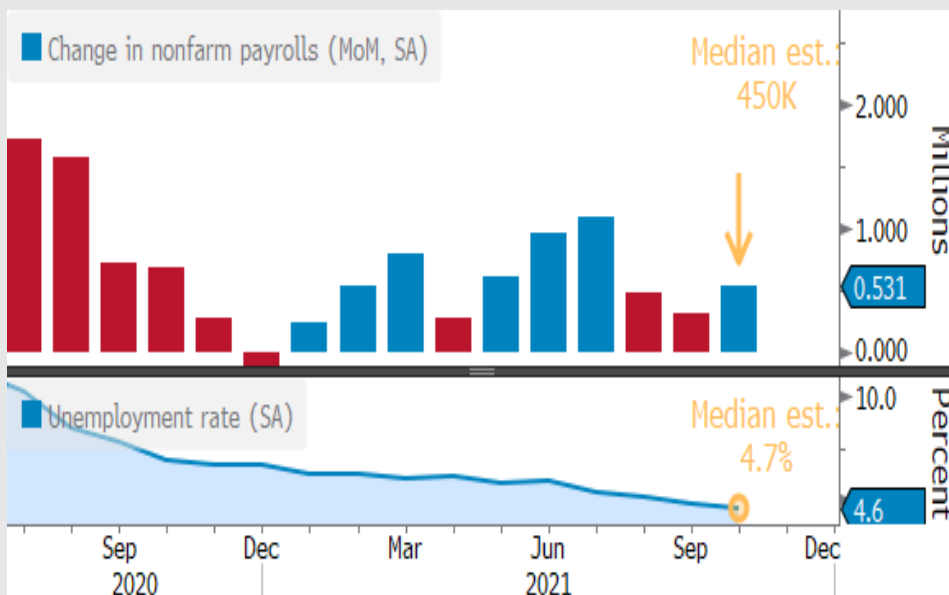
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Chart of the Week

Finally breaking the trend, Nonfarm Payrolls increased +531k for the month of October, beating consensus estimates of +450k. The unemployment rate fell to 4.6% versus estimates of 4.7%. Factory employment increased by 60k last month, the biggest increase since June of 2020. Over the past several weeks, high frequency data has been trending in the right direction, giving an early indication that the labor markets are showing signs of improving. While this was a much-needed reading, progress still needs to be made to reach full employment, which is what the Fed has indicated it needs to see before starting the liftoff in interest rates. Regardless, this reading helps solidify that the Fed made the right call earlier in the week, announcing a start to the tapering asset purchases beginning in the middle of November.

Employment Shows Signs of Improvement

U.S. Economy added 531k workers, Unemployment Rate Falls



Source: Bureau of Economic Analysis, Bloomberg

Economic Rundown

- **Markit US Manufacturing PMI** came in softer than expected at 58.4 versus expectations of 59.2.
- Disappointing to the downside, **Construction Spending** contracted by -0.5% versus expectations of a +0.3% increase.
- **ISM Manufacturing** landed slightly above expectations of 60.5 at 60.8.
- **Wards Total Vehicles** were stronger than expected at 12.99 million versus expectations of 12.50 million.
- **MBA Mortgage Applications** fell -3.3% versus the previous reading of +0.3%.
- Smashing expectations, **ADP Employment Change** landed at 571k versus expectations of 400k.
- **Factory Orders** came in above expectations of +0.1% at +0.2%.
- **Durable Goods Orders** fell by a smaller amount than anticipated, -0.3% versus estimates of -0.4%.
- **US Trade Balance** came in under expectations of -\$80.2 billion at -\$80.9 billion.

- **Larger Consumer Confidence** was stronger than the previous reading of 47.9 at 49.2.
- The **Unemployment Rate** beat to the upside, coming in at 4.6% versus survey expectations of 4.7%.
- **Nonfarm Payrolls** beat expectations of 450k at 531k.

The Week Ahead

| | |
|-----------|--|
| Monday | • N/A |
| Tuesday | • NFIB Small Business Optimism • PPI |
| Wednesday | • MBA Mortgage Applications • Weekly Jobless Claims • CPI • Wholesale Inventories • Monthly Budget Statement |
| Thursday | • N/A |
| Friday | • JOLTS • U. of Mich. Sentiment |

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The Importance of Diversification. From period to period there is no certainty what investment will be the best performer... or the worst. Diversification mitigates the risk of relying on any single investment and offers a host of long-term benefits, such as lowering portfolio volatility, improving risk-adjusted returns, and helping investments to compound more effectively.

| | Monday | Tuesday | Wednesday | Thursday | Friday | WEEK | |
|------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|------|
| High | Small Growth 2.61 | Small Value 0.48 | Small Growth 1.81 | Large Growth 1.10 | Small Value 1.89 | Small Value 6.06 | High |
| | Small Value 2.48 | Real Estate 0.39 | Small Value 1.61 | Mid Growth 0.58 | Small Growth 0.81 | Small Growth 5.96 | |
| | Mid Value 1.12 | Large Growth 0.37 | Intl Equity 0.81 | Small Growth 0.53 | Mid Value 0.75 | Large Growth 2.39 | |
| | Intl Equity 0.97 | Large Value 0.28 | Large Growth 0.80 | U.S. Bonds 0.33 | Intl Bonds 0.57 | Mid Value 2.36 | |
| | Emg Markets 0.79 | Intl Bonds 0.27 | Mid Value 0.79 | High Yield Bond 0.26 | Large Value 0.48 | Intl Equity 1.66 | |
| | Mid Growth 0.69 | High Yield Bond 0.24 | Large Value 0.50 | 60/40 Allocation 0.10 | Real Estate 0.47 | 60/40 Allocation 1.46 | |
| | Large Value 0.51 | U.S. Bonds 0.20 | Emg Markets 0.47 | Intl Equity -0.06 | U.S. Bonds 0.39 | Large Value 1.36 | |
| | 60/40 Allocation 0.47 | Mid Value 0.14 | 60/40 Allocation 0.41 | Emg Markets -0.23 | High Yield Bond 0.38 | Mid Growth 1.22 | |
| | Real Estate 0.18 | 60/40 Allocation 0.09 | Real Estate 0.20 | Intl Bonds -0.26 | 60/40 Allocation 0.37 | High Yield Bond 0.98 | |
| | Intl Bonds 0.06 | Small Growth 0.09 | High Yield Bond 0.20 | Large Value -0.42 | Intl Equity 0.15 | Intl Bonds 0.83 | |
| | Large Growth -0.01 | Mid Growth -0.02 | Mid Growth 0.19 | Mid Value -0.46 | Large Growth 0.11 | U.S. Bonds 0.66 | |
| | U.S. Bonds -0.06 | Intl Equity -0.21 | Intl Bonds 0.18 | Small Value -0.52 | Emg Markets -0.12 | Real Estate 0.36 | |
| Low | High Yield Bond -0.11 | Emg Markets -0.90 | U.S. Bonds -0.20 | Real Estate -0.88 | Mid Growth -0.21 | Emg Markets 0.00 | Low |

Source: Bloomberg. Asset-class performance is presented by using market returns from an exchange-traded fund (ETF) proxy that best represents its respective broad asset class. Returns shown are net of fund fees for and do not necessarily represent performance of specific mutual funds and/or exchange-traded funds recommended by the Prime Capital Investment Advisors. The performance of those funds may be substantially different than the performance of the broad asset classes and to proxy ETFs represented here. U.S. Bonds (iShares Core U.S. Aggregate Bond ETF); High-Yield Bond (iShares iBoxx \$ High Yield Corporate Bond ETF); Intl Bonds (SPDR® Bloomberg Barclays International Corporate Bond ETF); Large Growth (iShares Russell 1000 Growth ETF); Large Value (iShares Russell 1000 Value ETF); Mid Growth (iShares Russell Mid-Cap Growth ETF); Mid Value (iShares Russell Mid-Cap Value ETF); Small Growth (iShares Russell 2000 Growth ETF); Small Value (iShares Russell 2000 Value ETF); Intl Equity (iShares MSCI EAFE ETF); Emg Markets (iShares MSCI Emerging Markets ETF); and Real Estate (iShares U.S. Real Estate ETF). The return displayed as "Allocation" is a weighted average of the ETF proxies shown as represented by: 30% U.S. Bonds, 5% International Bonds, 5% High Yield Bonds, 10% Large Growth, 10% Large Value, 4% Mid Growth, 4% Mid Value, 2% Small Growth, 2% Small Value, 31% International Stock, 7% Emerging Markets, 3% Real Estate.

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