

# Second Quarter 2021

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Markets were up broadly over the quarter as the global economic recovery continued. U.S. stocks (S&P 500) were higher as economic fears related to the coronavirus continued to subside and more people became vaccinated.

Developed international markets (MSCI EAFE) were also positive as the recovery continued abroad. Emerging Markets (MSCI EM) rose as growth expectations in emerging economies increased. The broad fixed income market (Bloomberg Barclays Aggregate Bond Index) rose too, as intermediate and long-term interest rates fell.

The unemployment rate fell to 5.9%. Real GDP rose 6.4% annualized in the first quarter after rising 4.3% in the fourth quarter of 2020.

Index	2Q 2021
S&P 500 Index	8.55%
Russell 3000 Index	8.24%
MSCI EAFE Index ND	5.17%
MSCI EM (Emerging Markets) Index ND	5.05%
Bloomberg Barclays Aggregate Bond Index	1.83%

	US Equity			Non-US Equity			US Fixed Income				
	Growth	Blend	Value	ACWI ex. US	EAFE	EM	High Yield	Agg	Gov't		
<b>Large</b>	11.93	8.54	5.21	<b>Large</b>	5.40	5.38	4.29	<b>Short</b>	2.32	0.12	0.00
<b>Mid</b>	11.07	7.50	5.66	<b>Mid</b>	5.79	4.45	9.60	<b>Interm</b>	2.46	0.78	0.62
<b>Small</b>	3.92	4.29	4.56	<b>Small</b>	6.35	4.34	11.25	<b>Long</b>	6.41	6.44	6.43

Three month returns ending 6/30/21. US Equity indexes are Russell 1000, 1000 Value and 1000 Growth; MidCap, MidCap Value and MidCap Growth; and 2000, 2000 Value and 2000 Growth. Non-US Equity Indexes are MSCI All Country World Index (ACWI) ex. US Large, Mid and Small Caps; MSCI EAFE Large, Mid and Small Caps, and MSCI Emerging Markets (EM) Large, Mid and Small Caps. US Fixed Income indexes are Bloomberg Barclays Capital (BBgBarc) High Yield 1-5 Yr, Intermediate and Long duration; BBgBarc US Agg 1-5 Yr, Interim and 10+ Yr; and BBgBarc US Govt Short, Intermediate and Long Durations.

## Outlook

Markets continued their advance over the quarter due to the sustained global economic recovery. Domestic gains were driven by continued signs of an economic turnaround and the Federal Reserve promising to keep short-term interest rates lower for longer. International equity also rose as economic fears surrounding the global pandemic continued to subside and more vaccines were rolled out worldwide. The US dollar weakened against most major currencies, creating tailwinds for emerging markets, although it remained significantly higher against most major currencies on a year-to-date basis. Risks continue to exist around the uncertainty of the pandemic timeline and rising cases of the Delta variant as the economy continues to reopen. However, multiple vaccines became available to more people during the second quarter, suggesting promising progress. Tensions between the US and China remain as both countries have criticized the way the other has handled the outbreak of the virus. Taken all together, a focus on long-term goals and objectives continues to be a prudent course, balancing downside risk at current valuations with the potential for upside performance.

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