

# Monthly Scorecard



Wealth  
Management

September 7, 2021

Portfolio Advisory Group – U.S. Equities

## Performance (Total return % change)

Index	8/31/21	1 mo.	3 mos.	YTD	1 yr.	2 yrs.
Dow (DJIA)	35,360.73	1.50	2.88	17.04	26.77	39.80
S&P 500	4,522.68	3.04	7.95	21.57	31.15	59.90
Nasdaq	15,259.24	4.09	11.17	18.94	30.55	95.12
Russell 2000	2,273.77	2.23	0.45	15.82	47.05	55.87
Russell 3000	2,682.85	2.85	7.17	20.38	33.03	61.53
S&P 500 Equal Wgt.	6,335.85	2.38	3.85	23.58	42.67	54.68
MSCI AC World	741.27	2.54	4.67	16.24	29.20	51.36
MSCI Europe	155.37	1.53	2.07	16.23	30.04	37.99
MSCI EAFE	2,356.42	1.79	1.46	12.02	26.75	35.26
MSCI Asia-Pacific	201.79	2.51	-2.81	2.44	19.52	38.64
MSCI Emerg. Mkts.	1,308.67	2.63	-4.03	2.92	21.45	39.48
60/40 Allocation <sup>1</sup>	N/A	1.75	5.42	12.66	18.66	38.49
S&P 500 Sector	8/31/21	1 mo.	3 mos.	YTD	1 yr.	2 yrs.
Consumer Disc.	1,468.09	2.12	6.55	13.17	17.85	58.96
Consumer Staples	748.14	1.40	3.80	9.21	14.44	27.32
Energy	362.26	-2.04	-6.01	30.84	42.90	-5.01
Financials	637.26	5.14	1.58	31.47	56.32	49.27
Health Care	1,573.61	2.38	9.90	20.12	26.97	55.59
Industrials	881.64	1.15	-0.21	18.78	36.34	43.37
Information Tech.	2,786.10	3.56	15.04	22.36	29.46	104.46
Materials	536.52	1.92	-1.52	19.07	38.14	57.75
Real Estate	297.88	2.81	11.01	32.64	36.35	30.28
Comm. Services	286.95	5.01	11.72	30.15	38.55	76.10
Utilities	346.86	3.98	6.13	11.07	19.71	17.28
FI, FX, & Commod.	8/31/21	1 mo.	3 mos.	YTD	1 yr.	2 yrs.
U.S. Treasuries <sup>2</sup>	1.31%	-0.18	1.83	-1.43	-2.11	4.72
Invest-Grade Credit <sup>3</sup>	1.99%	-0.30	2.71	-0.22	2.53	10.22
High-Yield Credit <sup>3</sup>	3.87%	0.51	2.25	4.55	10.14	15.33
WTI Crude Oil <sup>4</sup>	\$68.50	-7.37	3.29	41.18	60.76	24.32
Dollar Index <sup>4</sup>	\$92.63	0.49	3.11	2.99	0.52	-6.36
Gold <sup>4</sup>	\$1,813.62	-0.03	-4.89	-4.46	-7.84	19.29

<sup>1</sup>60% S&P 500 and 40% Bloomberg Barclays U.S. Aggregate. <sup>2</sup>Yield reflects 10-year U.S. Treasury, total returns reflect Bloomberg Barclays U.S. Treasury Index. <sup>3</sup>Yield and total returns reflect that of the respective Bloomberg Barclays Index. <sup>4</sup>Spot prices and price returns.

Source - Bloomberg, RBC Wealth Management

## Swan song

This is the final issue of this publication under the Monthly Scorecard branding. Going forward, in an attempt to evolve our product, future content will be focused solely on research that addresses investment-moving themes and will be released under the Taking Stock brand first seen in the aftermath of the March 23, 2020 lows. The publication schedule will be less regular than the current monthly cadence, but we are committed to 6–8 publications per year under the new title. Thank you.

Global equities inched higher in August, with several continuing to set new all-time highs. Global equities, as measured by the MSCI All Country World Index, climbed 2.5% on a total-return basis in August, led by the U.S. and Emerging Markets. The Asia-Pacific region was in line with this benchmark, and European equities lagged.

In the U.S., the S&P 500 has now set more than 50 all-time highs this year, on track for the second most in a calendar year since 1928 if this torrid pace continues to year's end. Meanwhile, earnings season has slowed sharply in recent weeks, but that's not to say there haven't been important developments. In fact, as the season wanes and attention shifts to the late-reporting retailers, investors have again been reminded of the strength of the U.S. consumer. Retailers have been delivering record profits as consumers spend, favorably impacting the economy without pushing consumer debt levels to extremes.

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Monthly leadership in the U.S. was found in the Nasdaq (+4.1%), while the S&P 500 climbed 3.0%. The more cyclical Russell 2000 (+2.2%) and Dow Jones (+1.5%) indexes struggled to gain traction as investors began to position for Fed balance sheet tapering and eventual rate hikes. From a sector perspective, leadership was most evident in Financials (+5.1%) on strength in Insurance companies, and in Communication Services (+5.0%) on strength in Media and Entertainment. Information Technology stocks also did well as the sector climbed 3.6%, with Hardware up 4.4% and Semiconductors up 3.5%.

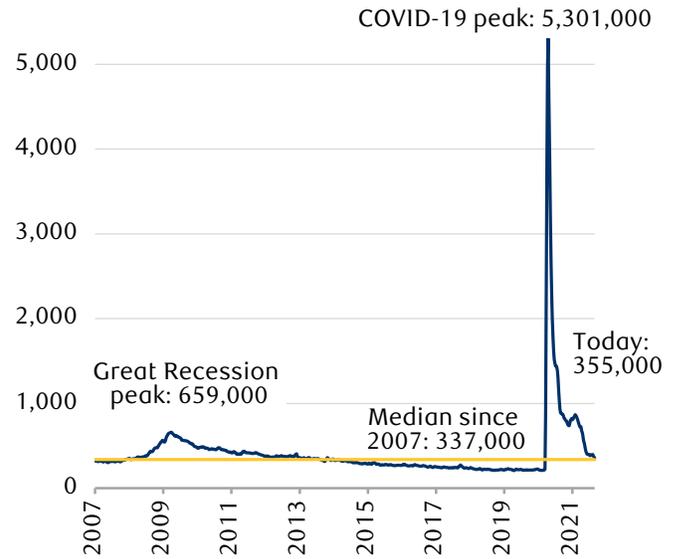
August laggards saw Energy (-2.0%) the only sector to end the month lower as West Texas Intermediate (WTI) crude oil declined 7.4%. Despite the poor month, Energy remains the third-best-performing sector in 2021 with a year-to-date return of 30.8%. Industrials (+1.2%) also underwhelmed relative to the market as the Transports gained just 0.4% in August, while Consumer Staples managed only a 1.4% gain on relative weakness in Household and Personal Products (-0.1%).

As fears of a decelerating economic backdrop become more prevalent, we see one ongoing constructive development to continue monitoring for improvement. And that's the labor market, as measured by initial unemployment claims. This metric surged to unprecedented levels in March 2020 and remained above its Great Recession peak for more than a year. In fact, the weekly peak of new filings during the COVID-19 recession was nearly 10 times higher than the worst single week in 2008/2009: the week of April 3, 2020 saw a pandemic high of 6,149,000 filings, compared to 665,000 filings the week of March 27, 2009. Clearly, the employment economy shut down with drastic speed in the early days of the pandemic.

However, the important trend to observe in new unemployment claims is the consistent move lower; filings have actually begun to approach the weekly median since 2007. In fact, the week of August 27, 2021 saw just 340,000 initial unemployment filings, bringing the four-week moving average to 355,000. This is fractionally above the median four-week moving average of 337,000 since 2007. In our view, this shows a normalization of the employment economy, and when coupled with the strength of the U.S. consumer as demonstrated by recent retail earnings reports, it remains one of the best tailwinds for further equity gains at this time.

### Initial unemployment claims approaching normal levels

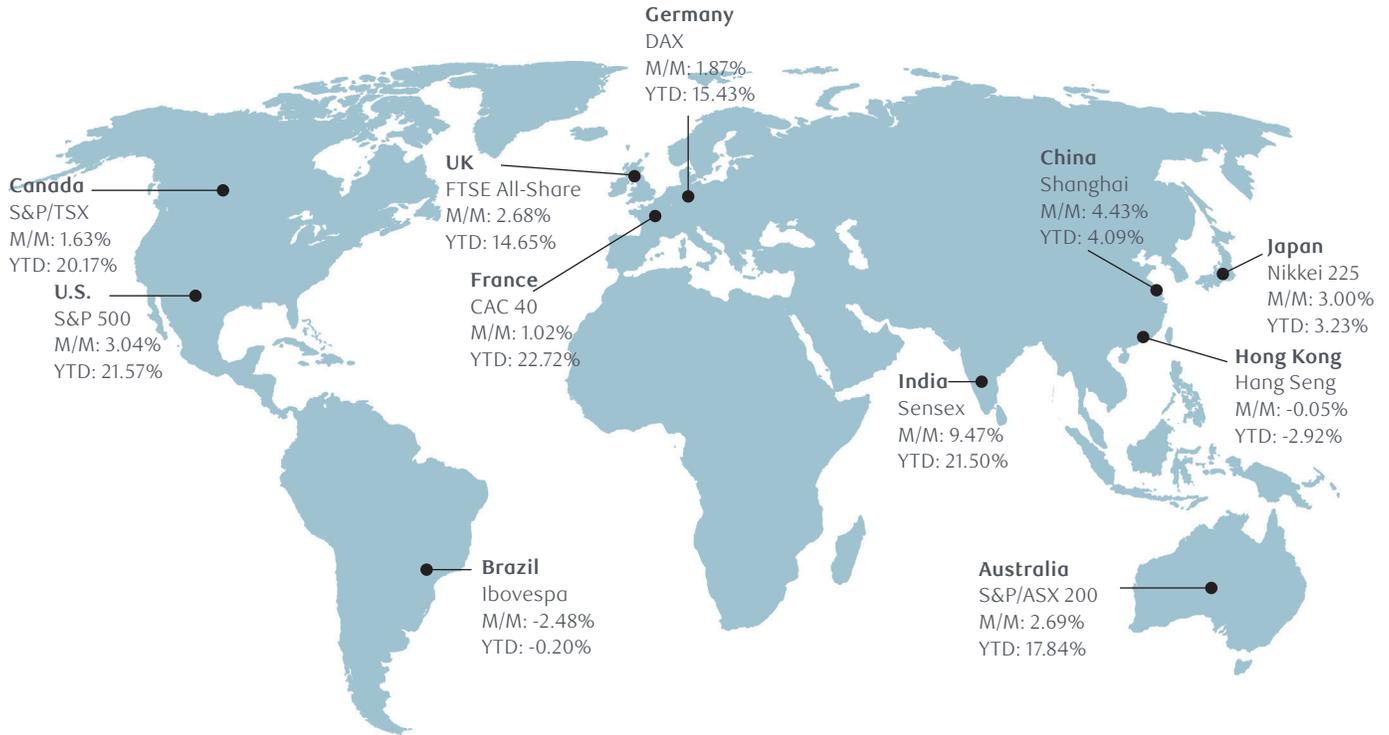
4-week moving average of initial unemployment claims



Source - RBC Wealth Management, FactSet; data through 9/2/21

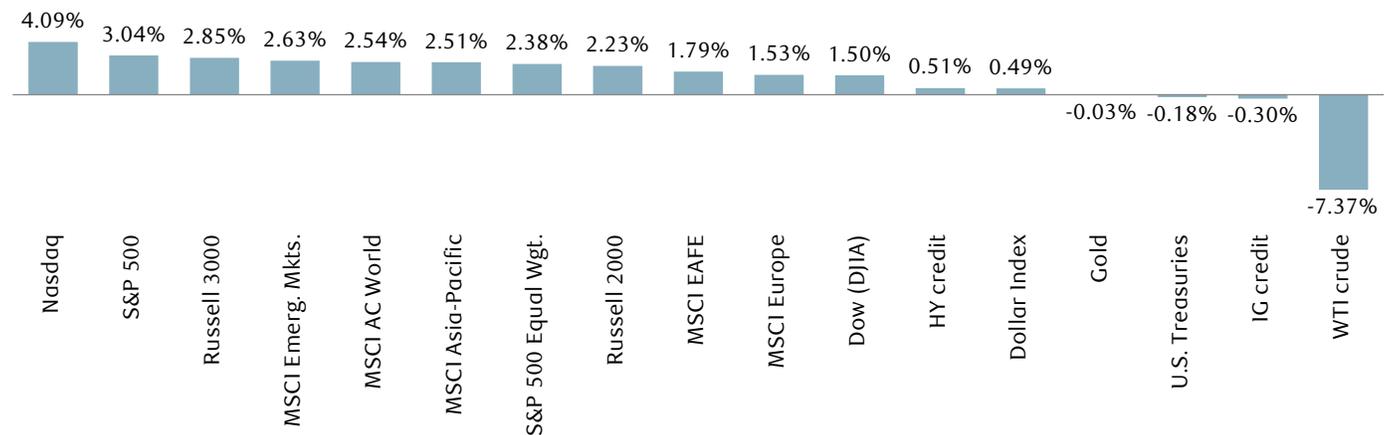
# World markets

August month-over-month and year-to-date total return



Source - Bloomberg; priced in local currency

## Total monthly returns for select indexes – August 2021



Source - Bloomberg

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## Author

**Ben Graham, CFA, Portfolio Advisor**

benjamin.graham@rbc.com; RBC Capital Markets, LLC

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			Count	Percent
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