Clients and Friends of ICS:

A weekly market review for the week ending September 17th, 2021.

Stocks

With the exception of the Russell 2000, all major indices ended lower for the week. The cause for weak performance in equities can be attributed to investors weighing positive economic data against supply chain worries, valuation levels, and concerns over how stocks would respond to a tightening monetary policy. Within the S&P 500, energy shares posted solid gains as oil prices continue to rise. Materials and utility related stocks were the sectors that lagged.

On Tuesday the Labor Department reported that core consumer prices increased 0.1% in August, lower than expectations of a 0.3% increase. It was also the smallest gain since February. On Thursday, the Commerce Department reported that retail sales data jumped 1.8%. Consensus expectations called for a small decline, so the news was encouraging to investors.

Democratic Senator Joe Manchin also said last week that he would support a $1.5 trillion infrastructure spending package, much less than the proposed package of $3.5 trillion. Manchin's vote will be critical in passing the spending package and he also stated that congressional leaders should take their time before forcing the issue. In order to help fund the new package, Democrats are seeking to raise the corporate tax rate from 21% to 26.5%. In addition, a raise in the capital gains tax rate to 25% from 20% was also proposed.

Bonds

Tuesday's inflation data appeared to support a rally in the bond market, helping push the yield on the 10-year Treasury to its lowest level since August 2020. All eyes will be on the Federal Reserve's meeting on September 21st-22nd in which they are expected to provide more details on the first steps in their tapering of monthly asset purchases.

Primary issuance in the investment-grade corporate bond market exceeded expectations for the week. Heightened trading volumes and overnight demand from Asia provided support for the asset class, but macroeconomic uncertainty weighed on overall sentiment. Concerns surrounding the increase in corporate taxes and the deadline to raise the U.S. debt ceiling also weighed on the bond market.

Index Performance Ending September 17th, 2021

Equities	Index	Week	YTD
U.S. Large Caps	DJIA	-0.07%	13.00%
U.S. Large Caps	S&P 500	-0.57%	18.02%
NASDAQ Listed	Nasdaq Composite	-0.47%	16.73%
U.S. Mid-Caps	S&P MidCap 400	-0.32%	16.10%

		Week	YTD
U.S. Small Caps	Russell 2000	0.42%	13.27%
International Developed	MSCI EAFE	-1.38%	9.36%
Emerging Markets	MSCI EM	-2.26%	-0.92%

Bonds	Index	Week	YTD
U.S. Treasuries	Bloomberg Barclays U.S. Treasury	-0.04%	-1.59%
U.S. Investment Grade	Bloomberg Barclays U.S. Corporate	0.41%	0.22%
U.S. High Yield	Bloomberg Barclays U.S. Corporate High Yield Total Return Index	-0.16%	4.69%

Want to learn more about our firm? Contact Investment Consulting Services at our Oak Brook, Illinois office to speak to one of our consultants at (630) 928-1052, reach out by email at ICS@invcons.com, or visit us online at icsllc.org.