

First Quarter 2021

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Equity markets were up over the quarter, while fixed income markets pulled back. U.S. stocks (S&P 500) were higher as economic fears related to the coronavirus continued to subside and several vaccines became available.

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

The unemployment rate fell to 6.0%. Real GDP rose 4.3% annualized in the fourth quarter of 2020 after rising 33.4% in the third quarter.

Index	1Q 2021
S&P 500 Index	6.17%
Russell 3000 Index	6.35%
MSCI EAFE Index ND	3.48%
MSCI EM (Emerging Markets) Index ND	2.29%
Bloomberg Barclays Aggregate Bond Index	-3.37%

	US Equity				Non-US Equity				US Fixed Income		
	Growth	Blend	Value		ACWI ex. US	EAFE	EM		High Yield	Agg	Gov't
Large	0.94	5.91	11.26	Large	3.57	3.67	2.09	Short	2.22	-0.60	0.04
Mid	-0.57	8.14	13.05	Mid	3.17	2.83	3.42	Interm	1.05	-1.61	-1.72
Small	4.88	12.70	21.17	Small	5.53	4.50	7.67	Long	-1.42	-10.40	-13.39

Three-month returns ending 3/31/21. 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, Interm and 10+ Yr; and BBgBarc US Govt Short, Intermediate and Long Durations.

Outlook

Equity markets continued their advance over the quarter due to a sustained global economic recovery, but fixed income stumbled as longer-term yields rose sharply during the quarter. Domestic gains were driven by continued signs of a strong 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 strengthened, creating headwinds for emerging markets, but they too ended the quarter higher. Risks continue to exist around the uncertainty of the pandemic timeline and rising cases in some locations as the economy continues to reopen. However, multiple vaccines became available to more people during the first 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. Another stimulus package was passed in the US during March, aiming to further speed up the economic recovery. 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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