



Monthly Market Review

U.S. Equity

- Domestic equity markets, as represented by the S&P 500 Index (S&P), returned -1.02% in January after concerns about a speculative retail trading mania drove the market's worst weekly sell-off since October.
- Within the S&P, four out of 11 sectors posted positive returns. Energy did best, returning 3.79%. Healthcare followed, returning 1.42%. The Industrials sector was the worst performer of the month and returned -4.30%.
- By market capitalization, small-caps (Russell 2000) returned 5.03%, large-caps (Russell 1000 Index), returned -0.83% and mid-caps (Russell Mid Cap Index) returned -0.26%. Value stocks outperformed growth stocks across small- and mid-capitalizations.

Non-U.S. Equity

- Non-U.S. equity markets, represented by the MSCI ACWI ex-U.S., ended the month up 0.22%. Developed markets ex-U.S., represented by the MSCI EAFE Index, returned -1.07%, while emerging markets (EM), represented by the MSCI Emerging Markets Index, returned 3.07% in January.
- Within the ACWI ex-U.S. Index, four out of 11 sectors posted positive returns. Telecom did best, returning 5.77%, followed by Information Technology, returning 3.45%. The Consumer Staples sector was the worst performer, returning -2.77%.
- Within the ACWI ex-U.S. Index, EM Asia performed best during the month, returning 4.33%. EM Latin America was the worst-performing region, returning -6.72%.

Fixed Income

- The Bloomberg Barclays U.S. Aggregate Index (Aggregate) fell 0.72% in January due to rates rising on the intermediate to long end of the treasury curve. The 10- and 30-year treasuries rates rose 18 and 22 basis points (bps), respectively, leading to the broad treasury index declining 0.96%. During the month, credit spreads were relatively flat with mixed sector results. Investment-grade (IG) corporates were down sharply (-1.28%), agency CMBS (-0.39%) and EM sovereign debt (-1.10%) were also weak on rising rates. Meanwhile, high yield corporates continued to perform, up 0.33%, again led by the CCC-rated part of the market.
- IG credit within the Aggregate returned -1.19%. Within the IG credit spectrum, AAA-rated bonds returned -0.55%, AA-rated bonds returned -1.23%, A-rated bonds returned -1.36% and BBB-rated bonds returned -1.15%. High Yield (HY), represented by the Bloomberg Barclays U.S. Corporate HY Index, returned 0.33%.
- Yields slightly climbed across the U.S. Treasury yield curve at the end of January after vaccine optimism.

Alternatives and Other Asset Classes

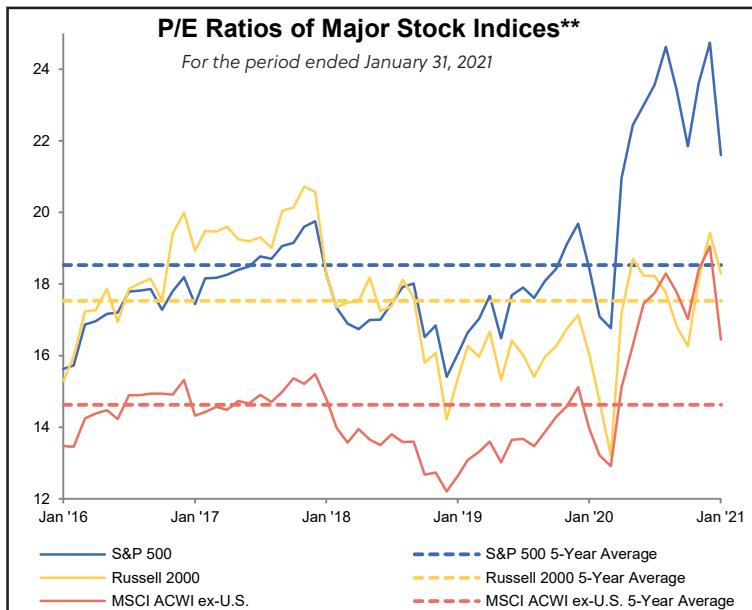
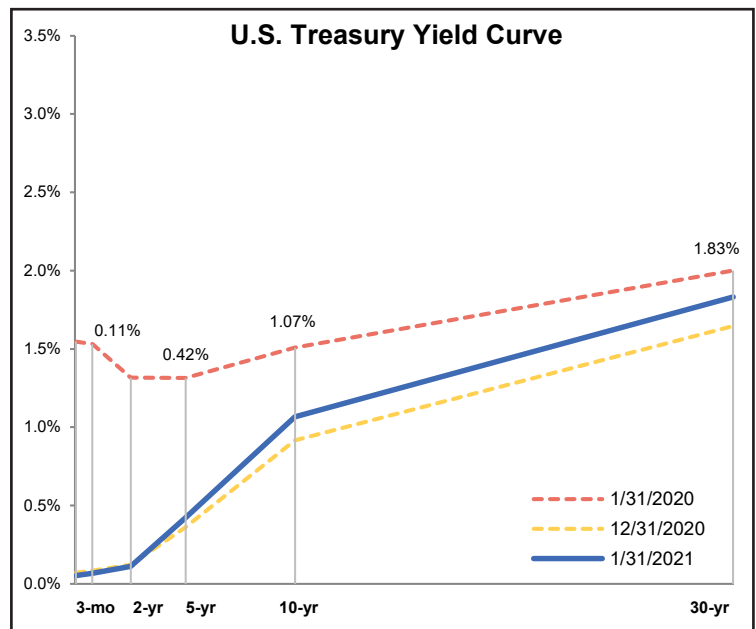
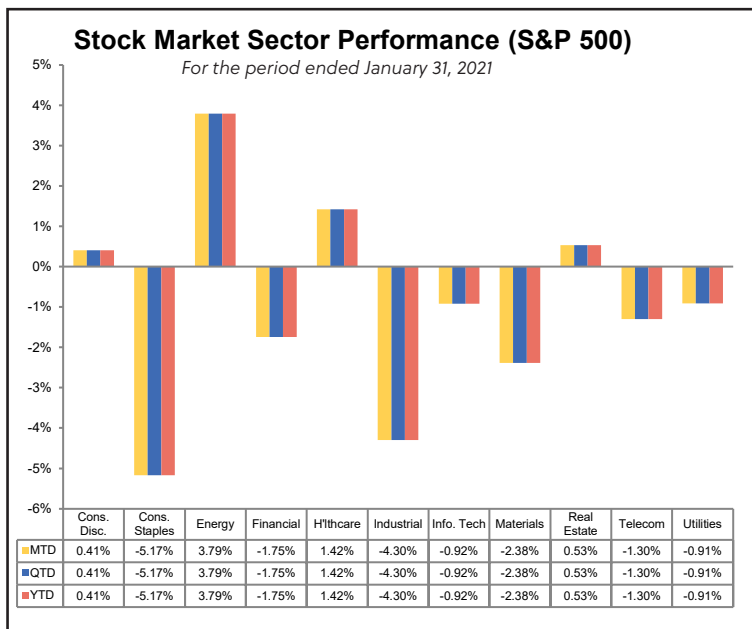
- Real estate investment trusts (REITs), represented by the FTSE NAREIT Index, rose 0.10% in January. Performance was positive in four out of nine real-estate sectors. Data Centers did best, returning 3.39%. The month's worst-performing REIT sector was Lodging/Resorts, returning -5.16%.
- The active contract for West Texas Intermediate (WTI) crude increased to \$52.20/barrel in January from \$48.52/barrel at the end of December as the U.S. Congress looks ready to adopt an economic stimulus package and as cold U.S. weather boosts heating oil demand.

Items to Watch

- The U.S. appears to be turning a corner with the COVID-19 pandemic as cases and hospitalizations rapidly fall across the country. Still, that progress could be thwarted by more contagious strains that have quickly taken hold in other parts of the world. In January, the U.S. exceeded the 1 million vaccination hurdle that was put in place at the beginning of the rollout.
- Russia's Sputnik V vaccine was 91.6% effective in preventing the spread of COVID-19, according to a peer-reviewed phase 3 clinical trial published in the Lancet International Medical Journal. There were no serious side effects, and the vaccine was also found to be similarly safe and effective in elderly people.
- Job growth returned to the U.S. in January, with non-farm payrolls increasing by 49,000 while the unemployment rate fell to 6.3%. Though the employment picture remains challenging, 2021 marked a return to gains after a one-month lull in December that saw the first negative number since the recovery began in May. The damage has been particularly acute in the hospitality industry, as governments across the country have forced hotels, bars and restaurants to close or operate at reduced capacity to halt the coronavirus spread.
- President Biden rallied Senate Democrats to pass a sizeable COVID-19 relief package worth \$1.9 trillion. The plan will help bolster unemployment aid, provide funds for vaccine distribution and send \$1,400 checks to many Americans, among other measures, into legislation.

Total Return of Major Indices as of 01/31/21				
Domestic Equity	MTD	QTD	YTD	1 YR
S&P 500	-1.02%	-1.02%	-1.02%	17.24%
Russell 3000	-0.45%	-0.45%	-0.45%	20.47%
Russell 2000	5.03%	5.03%	5.03%	30.15%
Russell 1000	-0.83%	-0.83%	-0.83%	19.83%
International Equity	MTD	QTD	YTD	1 YR
MSCI ACWI ex-U.S.	0.22%	0.22%	0.22%	13.95%
MSCI EAFE	-1.07%	-1.07%	-1.07%	8.94%
MSCI Emerging Markets	3.07%	3.07%	3.07%	27.89%
Fixed Income	MTD	QTD	YTD	1 YR
Bloomberg Barclays U.S. Agg	-0.72%	-0.72%	-0.72%	4.72%
Bloomberg Barclays Global Agg	-0.88%	-0.88%	-0.88%	6.87%
Bloomberg Barclays U.S. HY	0.33%	0.33%	0.33%	7.44%
Alternatives	MTD	QTD	YTD	1 YR
FTSE NAREIT Equity	0.10%	0.10%	0.10%	-9.00%
Bloomberg Commodity	2.62%	2.62%	2.62%	7.03%

Economic Indicators		
Domestic	Current	Previous Month
Unemployment Rate (%)	6.3%	6.7%
Initial Jobless Claims (4 week average)	848.3 K	849.5 K
CB Leading Economic Indicators	0.3	0.7
Capacity Utilization	74.5%	73.4%
GDP (annual growth rate)	4.0%	33.4%
University of Michigan Consumer Confidence	79.0	80.7
New Home Starts	842 K	829 K
Existing Home Sales	6.8 MM	6.7 MM
Retail Sales (YoY)	1.1%	3.1%
U.S. Durable Goods (MoM)	0.5%	1.3%
Consumer Price Index (YoY)	1.4%	1.2%
Producer Price Index (MoM)	0.9%	0.2%
Developed International*	9/30/2020	6/30/2020
Market GDP (annual rate)	-0.8%	-12.1%
Market Unemployment	7.9%	7.6%



Source: Bloomberg. Data as of January 31, 2021, unless otherwise noted.
 *Developed market data is calculated with respect to the weightings in the MSCI World ex-U.S. Index. Most current data is as of September 30, 2020 due to release dates of numerous countries.
 **P/E ratios are calculated based on one-year-forward estimates and adjusted to include only positive earning results for consistency.

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