

WEEKLY UPDATE

MAY 10, 2021

CARY STREET
PARTNERS

MARKET UPDATE AND COMMENTS

Equities moved higher last week as cyclicals reasserted leadership for most of the week. The technology-laden NASDAQ marginally outperformed on Friday in reaction to a shockingly below-estimate jobs number. For the week, the S&P 500 Index moved up by 1.26%.¹ From a sector perspective, the market is bifurcated with technology shares breaking down, and energy, materials, financials, and industrials breaking out. The Russell 1000 Growth Index, heavily weighted to technology was down 1.01%¹ on the week. The Russell 1000 Value Index, heavily weighted to cyclical sectors was up 2.79%.¹ The credit dynamic remains about as good as it gets. Consequently, any volatility-induced pullback will be buyable. A change in the credit dynamic indicated by spreads widening is a key indicator of a larger problem in stocks. Credit markets are wide open.

ECONOMIC NEWS

The drama last week was in Friday's April payrolls report. Consensus estimates were for a gain of over 1 million new jobs in April, the report came in at 266,000 with downward revisions to the prior month, March. This was a massive disappointment, especially compared to data heading into the report. It is good to not read too much into any one report, particularly when it is this far off from everything else we are seeing: confidence is strong, claims are down, consumption is up, other measures of job growth are good and payrolls look more like the exception than rule at this point.

That said, there may be something to the labor shortage theory – generous unemployment benefits keeping low-wage workers at home. We will know for sure as the summer progresses, benefits end and vaccinations improve childcare and school complications. Always be mindful that employment is a lagging indicator, an indicator of where the economy has been, not where it is going. The focus this week will pivot to inflation, which is running hotter. Wage push from a labor shortage would provide additional wind behind the inflation sails.

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WEEKLY BENCHMARKS

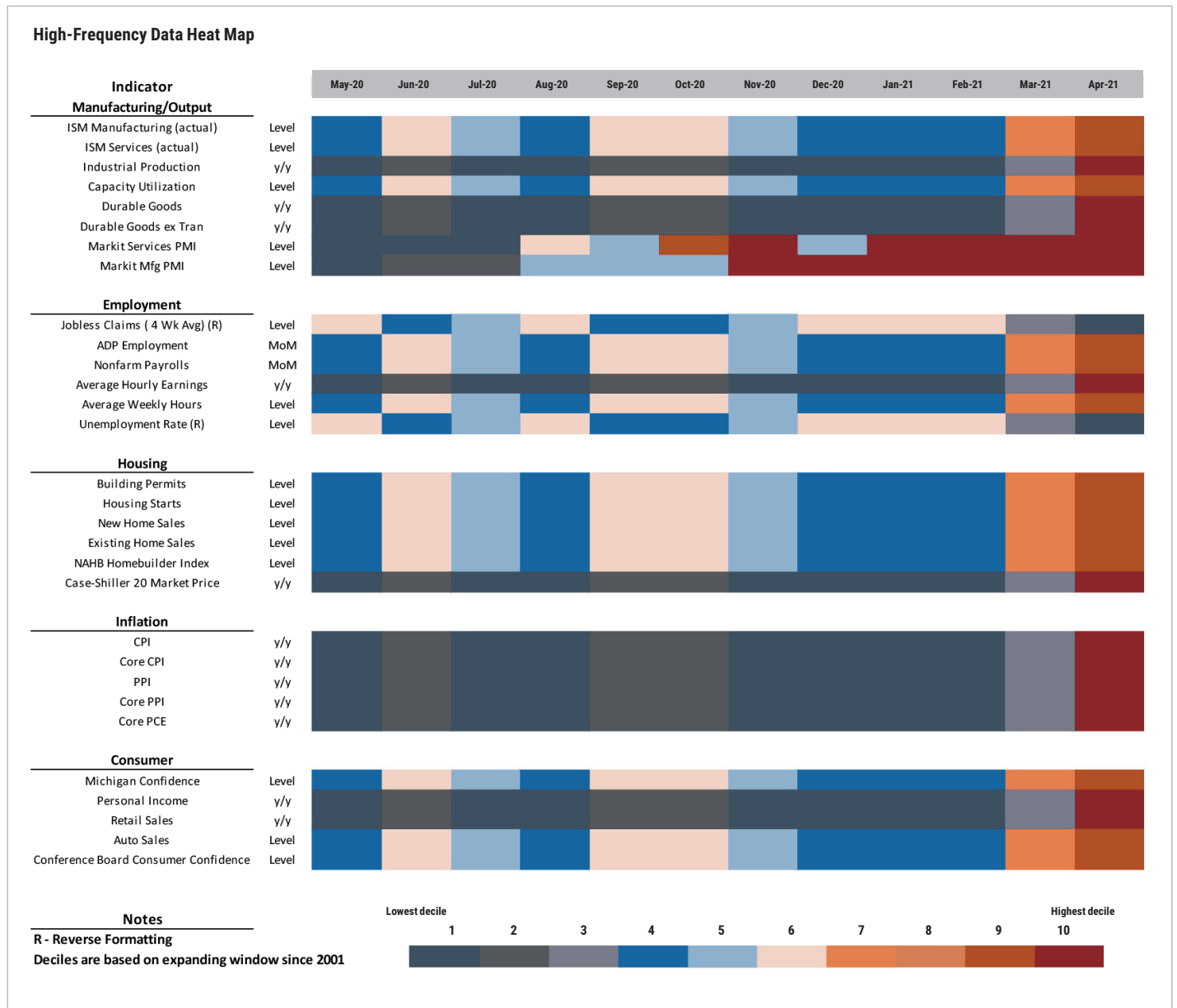
GROUP/INVESTMENT	YTD Return (Cumulative) 5.7.2020
US EQUITY RETURNS	
SPDR® S&P 500 ETF TRUST	13.21
ISHARES DOW JONES US ETF	12.62
ISHARES RUSSELL 1000 ETF	12.56
ISHARES RUSSELL 1000 VALUE ETF	18.84
ISHARES RUSSELL 1000 GROWTH ETF	6.67
ISHARES RUSSELL 2000 ETF	15.29
GLOBAL EQUITY RETURNS	
ISHARES MSCI ACWI EX US ETF	8.78
ISHARES MSCI ACWI ETF	10.64
US FIXED INCOME RETURNS	
ISHARES SHORT TREASURY BOND ETF	-0.01
ISHARES CORE US AGGREGATE BOND ETF	-2.36
ISHARES TIPS BOND ETF	0.65
ISHARES IBOX \$ INVMT GRADE CORP BD ETF	-3.86
ISHARES IBOX \$ HIGH YIELD CORP BD ETF	1.85
ISHARES MBS ETF	-0.60
GLOBAL FIXED INCOME BENCHMARKS	
ISHARES CORE GLOBAL AGGT BD ETF USD DIST	-2.71
US FIXED INCOME MUNI RETURNS	
ISHARES NATIONAL MUNI BOND ETF	0.45
REAL ASSETS	
ISHARES GOLD TRUST	-2.97
SPDR® DOW JONES GLOBAL REAL ESTATE ETF	14.08

Source: Morningstar

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Hot across the board



Source: Renaissance Macro Research, Haver Analytics

¹ MarketWatch

Past performance is no guarantee of future results.

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