

WEEKLY UPDATE

MAY 24, 2021

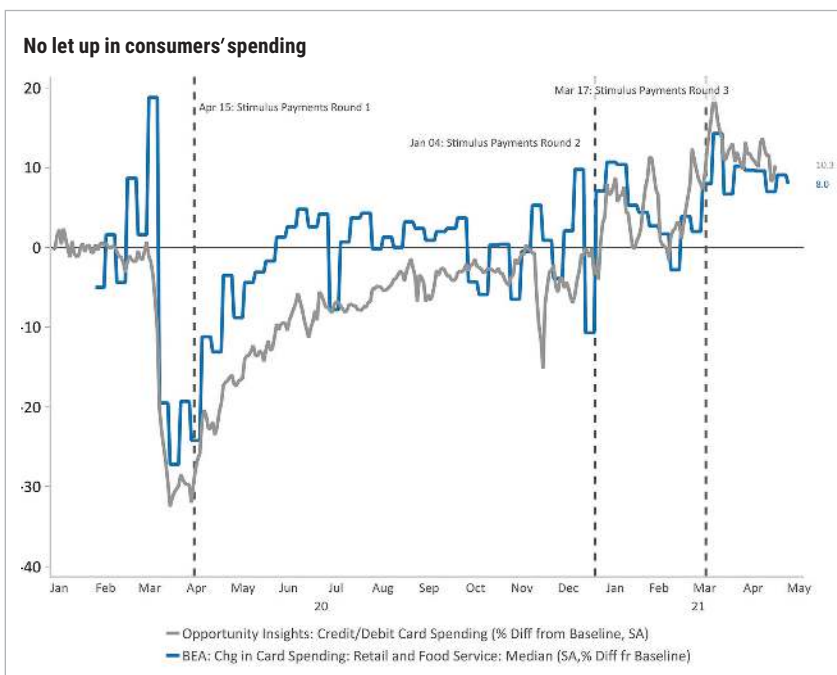
CARY STREET
PARTNERS

MARKET UPDATE AND COMMENTS

Equities dipped early last week, followed by a rally on Thursday and Friday, before closing the week with a slight loss. The S&P 500 Index lost .39%¹ on the week, the NASDAQ lost .31%¹. Beleaguered technology stocks responded to short-term oversold conditions early in the week but are a long way from changing the broader trend or re-establishing leadership. Year to date, the relative winners have been cyclicals. The Russell 1000 Value Index, a good cyclical proxy, is up 17.26%¹ in 2021. The Russell 1000 Growth Index, a decent proxy for technology, is up 4.61%¹ during the same period. Our viewpoint continues to emphasize exposure to cyclicals within the overall context of a diversified portfolio. These are also the sectors (materials, energy, industrials) that are historically better performers in a structurally higher-inflation environment.

Over the last two weeks, we have seen a modest pullback take hold of equities, characterized by bouts of fear returning to the market. The CBOE Volatility Index (VIX) prices and reflects that fear and has spiked higher, well above recent averages. The move last week in the VIX was less intense, but any pullback characterized by a sizably-higher VIX without the canary in the coal mine of credit stress, is a bullish set-up supported by a ton of historical data. Credit markets are about as good as they get, with no signs of stress.

ECONOMIC NEWS



Source: Renaissance Macro Research, Macrobond

CONTINUED...

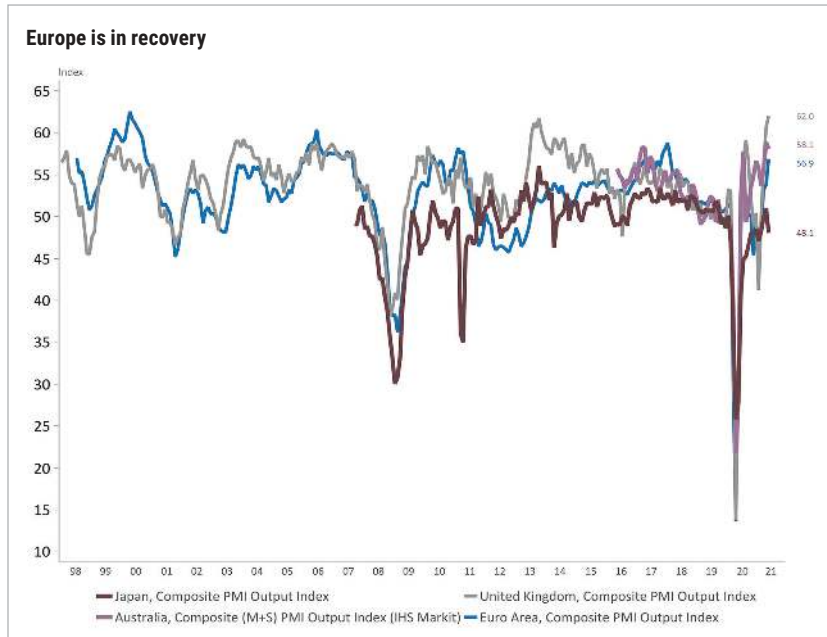
WEEKLY BENCHMARKS

GROUP/INVESTMENT	YTD Return (Cumulative) 5.21.2021
US EQUITY RETURNS	
SPDR® S&P 500 ETF TRUST	11.25
ISHARES DOW JONES US ETF	10.71
ISHARES RUSSELL 1000 ETF	10.65
ISHARES RUSSELL 1000 VALUE ETF	17.16
ISHARES RUSSELL 1000 GROWTH ETF	4.55
ISHARES RUSSELL 2000 ETF	12.47
GLOBAL EQUITY RETURNS	
ISHARES MSCI ACWI EX US ETF	7.84
ISHARES MSCI ACWI ETF	9.19
US FIXED INCOME RETURNS	
ISHARES SHORT TREASURY BOND ETF	-0.01
ISHARES CORE US AGGREGATE BOND ETF	-2.65
ISHARES TIPS BOND ETF	0.32
ISHARES IBOX \$ INVT GRADE CORP BD ETF	-4.14
ISHARES IBOX \$ HIGH YIELD CORP BD ETF	1.40
ISHARES MBS ETF	-0.94
GLOBAL FIXED INCOME BENCHMARKS	
ISHARES CORE GLOBAL AGGT BD ETF USD DIST	-2.88
US FIXED INCOME MUNI RETURNS	
ISHARES NATIONAL MUNI BOND ETF	0.39
REAL ASSETS	
ISHARES GOLD TRUST	-0.90
SPDR® DOW JONES GLOBAL REAL ESTATE ETF	13.22

Source: Morningstar

WEEKLY UPDATE

MAY 24, 2021



Source: Renaissance Macro Research, Macrobond

Mid-week, a lot of attention was focused on the April Federal Reserve meeting minutes that revealed some early hints at tapering, the process by which the Fed will gradually reduce their bond buying program. Our main takeaway is that this discussion seems to reflect the market expectation of this topic being messaged at the August Federal Reserve meeting in Jackson Hole. Most important is that markets are not surprised by a policy change of tapering, as they were in 2013.

May PMI reports came in strong on Friday; both manufacturing and services beat expectations to the upside. Global PMIs are also solid, with Europe emerging from COVID lockdowns and vaccination programs spreading on the continent. Factories in that region are experiencing the same supply chain disruptions and higher prices found in the U.S.

¹ MarketWatch

Past performance is no guarantee of future results.

Cary Street Partners is the trade name used by Cary Street Partners LLC, Member FINRA/SIPC; Cary Street Partners Investment Advisory LLC and Cary Street Partners Asset Management LLC, registered investment advisers.

This information was prepared by or obtained from sources believed to be reliable, but Cary Street Partners does not guarantee its accuracy or completeness. Any opinions expressed or implied herein are subject to change without notice. The material has been prepared or is distributed solely for information purposes and is not a solicitation or an offer to buy any security or instrument or to participate in any trading strategy. An investor cannot invest directly in an index.