

Investment Weekly

Voya Investment Management

As of January 22, 2021

Commentary and Statistics

- The major U.S. stock indexes gained in a holiday-shortened trading week. Investor sentiment was bolstered by better than expected 4Q20 earnings, signs that coronavirus infections may be slowing and optimism about the prospects for President Biden's \$1.9 trillion relief package. Asian markets also rose, while European markets were mixed.
- Five of eleven S&P 500 sectors posted gains in a session that mostly favored growth. The leaders were communication services, technology and consumer discretionary; the laggards were financials, energy and materials.
- The bond markets had a fairly quiet week. The 10-year U.S. Treasury yield and the two-year yield declined slightly. The U.S. dollar slipped against a basket of major currencies. The Bloomberg Commodities index declined — corn and wheat prices fell; oil was flat; copper and precious metals rose.
- With 13% of S&P 500 companies reporting 4Q20 results, 88% have exceeded earnings per share expectations and 82% have beaten revenue expectations. As of January 22, 2021, Refinitiv estimated the S&P 500's 4Q20 earnings growth rate at -5.7% and its 12-month forward P/E at 22.7. Apple, Intel and Travelers impressed this week; Bank of New York Mellon, FMC Corp and IBM disappointed.
- January IHS Markit flash manufacturing PMI rose 2 points m/m to 59.1, a new record. Output, new orders, employment expanded more quickly; selling prices rose at the fastest pace since July 2008. Flash services PMI rose 2.7 pt to 57.5, Output grew, though new orders softened again due to Covid restrictions. Input costs continued to rise, led by PPE expenses.
- Initial jobless claims totaled 900,000 for the week ended January 16, easing from 926,000 the prior week. The four-week average was 848,000.

| Index Prices (\$) | | |
|------------------------------|----------|----------|
| Index | 01/22/21 | 12/31/20 |
| Dow Jones Industrial Average | 30,997 | 30,606 |
| S&P 500 Index | 3,841 | 3,756 |

| Returns (%) | | | | |
|--|----------|-------|-------|----------|
| U.S. Market Indexes Returns | One Week | MTD | YTD | 3-Months |
| Dow Jones Industrial Average | 0.63 | 1.37 | 1.37 | 9.86 |
| S&P 500 Index | 1.96 | 2.36 | 2.36 | 11.69 |
| MSCI ACWI Index | 1.66 | 3.22 | 3.22 | 15.38 |
| Russell 2000 Index | 2.15 | 9.84 | 9.84 | 33.40 |
| Russell MidCap Index | 0.83 | 3.98 | 3.98 | 17.73 |
| Bloomberg Barclays U.S. Aggregate Index | 0.01 | -0.75 | -0.75 | 0.38 |
| Bloomberg Barclays High Yield Bond Index | 0.13 | 0.48 | 0.48 | 5.38 |
| United States 20-Year Treasury Bond | -0.01 | -3.90 | -3.90 | -3.34 |
| S&P / LSTA Senior Loan Index | 0.04 | 1.33 | 1.33 | 4.24 |

| S&P 500 Sector Returns | One Week | MTD | YTD | 3-Months |
|------------------------|----------|-------|-------|----------|
| Consumer Discretionary | 3.10 | 5.05 | 5.05 | 10.61 |
| Consumer Staples | -0.78 | -3.67 | -3.67 | 0.54 |
| Energy | -1.56 | 11.01 | 11.01 | 39.36 |
| Financials | -1.81 | 2.98 | 2.98 | 21.35 |
| Health Care | 0.58 | 3.64 | 3.64 | 10.04 |
| Industrials | -0.34 | -0.11 | -0.11 | 10.06 |
| Materials | -1.18 | 2.79 | 2.79 | 13.93 |
| Real Estate | 1.39 | 0.66 | 0.66 | 5.39 |
| Technology | 4.38 | 2.13 | 2.13 | 12.42 |
| Communication Services | 5.95 | 2.12 | 2.12 | 11.97 |
| Utilities | -0.21 | 0.19 | 0.19 | -1.87 |

| U.S. Returns by Style | | | | | |
|-----------------------|---------------------|--------------------|----------------------|---------------------|----------------------|
| One Week (%) | | Year to Date (%) | | 3-Months (%) | |
| Large Value -0.2 | Large Growth 3.9 | Large Value 2.6 | Large Growth 2.7 | Large Value 14.5 | Large Growth 12.1 |
| Mid Value 0.3 | Mid Growth 1.8 | Mid Value 3.9 | Mid Growth 4.1 | Mid Value 17.8 | Mid Growth 17.7 |
| Small Value 1.3 | Small Growth 2.9 | Small Value 9.2 | Small Growth 10.4 | Small Value 32.3 | Small Growth 34.4 |

Large Value: Russel 1000 Value
 Midcap Value: Russell Midcap Value
 Small Value: Russell 2000 Value

Large Growth: Russel 1000 Growth
 Midcap Growth: Russell Midcap Growth
 Small Growth: Russell 2000 Growth

| Global Market Returns (%) | One Week | MTD | YTD | 3-Months |
|--|----------|-------|-------|----------|
| Bloomberg Barclays Global Aggregate Bond Index | 0.11 | -0.71 | -0.71 | 2.03 |
| MSCI EAFE Index | 0.70 | 2.48 | 2.48 | 17.71 |
| MSCI United Kingdom Index | -0.01 | 3.76 | 3.76 | 21.66 |
| MSCI Europe ex-U.K. Index | 1.06 | 1.51 | 1.51 | 15.89 |
| MSCI Japan Index | 0.19 | 2.72 | 2.72 | 17.84 |
| MSCI AC Asia ex-Japan Index | 3.37 | 9.31 | 9.31 | 23.55 |
| MSCI Emerging Markets Index | 2.57 | 7.89 | 7.89 | 22.93 |
| JPM EMBI+ Emerging Markets Bond Index | 0.27 | -1.31 | -1.31 | 3.51 |
| FTSE EPRA / NAREIT GRE Index | 0.76 | 0.13 | 0.13 | 11.47 |

Source: FactSet

- December existing home sales rose 0.7% m/m to 6.76 million SAAR; the y/y gain was 22.2%. Total inventory fell to another record low of 1.9 months. December housing starts of 1.669 million SAAR beat November's 1.547 million, marking a 5.8% m/m gain; single-family starts rose 12%, multifamily starts fell 15.2%.
- The January Philadelphia Fed manufacturing index climbed to 26.5, ahead of December's 9.1. New orders, shipments, number of employees, workweek and prices paid/received all rose more quickly.
- The ZEW Indicator of Economic Sentiment for Germany climbed 6.8 pt in January to 61.8. Assessment of the economic situation increased 0.1 pt to -66.4.

| Bond Rates (%) as of: | 01/22/21 | 01/15/21 | 12/31/20 | 10/22/20 |
|--------------------------------------|----------|----------|----------|----------|
| U.S. Federal Funds Target Rate | 0.25 | 0.25 | 0.25 | 0.25 |
| U.S. Two-Year Treasury Yield | 0.11 | 0.12 | 0.11 | 0.16 |
| U.S. Ten-Year Treasury Yield | 1.05 | 1.06 | 0.87 | 0.82 |
| U.S. 30-Year Treasury Yield | 1.86 | 1.85 | 1.64 | 1.66 |
| High Yield (Merrill U.S. Corporates) | 3.93 | 3.94 | 3.86 | 4.53 |

| Commodity Prices as of: | 01/22/21 | 01/15/21 | 12/31/20 | 10/22/20 |
|-------------------------|----------|----------|----------|----------|
| Gold (USD/oz) | 1,856.20 | 1,829.90 | 1,895.10 | 1,904.60 |
| Crude Oil (USD/bbl) | 52.27 | 52.36 | 48.52 | 40.64 |
| Gasoline (USD/gal) | 2.58 | 2.50 | 2.42 | 2.34 |
| Copper (NYM \$/lbs) | 3.64 | 3.60 | 3.51 | 3.15 |

| Exchange Rates as of: | 01/22/21 | 01/15/21 | 12/31/20 | 10/22/20 |
|-----------------------|----------|----------|----------|----------|
| \$ per € | 1.22 | 1.21 | 1.22 | 1.18 |
| \$ per £ | 1.37 | 1.36 | 1.37 | 1.31 |
| ¥ per \$ | 103.80 | 103.88 | 103.25 | 104.81 |

Index Definitions

Bloomberg Barclays Global Aggregate Bond Index measures a wide range of global government, government-related, corporate and securitized fixed-income investments, all with maturities greater than one year.

Bloomberg Barclays High Yield Bond Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market.

Bloomberg Barclays U.S. Aggregate Index is a bond market index composed of U.S. securities in Treasury, Government-Related, Corporate, and Securitized sectors that are of investment-grade quality or better, have at least one year to maturity, and have an outstanding par value of at least \$250 million.

Dow Jones Industrial Average is a price-weighted average computed from the stock prices of 30 of the largest and most widely held public companies in the United States, adjusted to reflect stock splits and stock dividends.

FTSE EPRA / NAREIT Global Real Estate Index represents general performance trends of the equity securities of real estate companies involved in the ownership, disposition and development of income-producing properties worldwide.

JPMorgan Emerging Markets Bond Index Plus (EMBI+) tracks total returns for traded foreign currency denominated debt instruments in the emerging markets which meet minimum criteria for face value outstanding and market trading liquidity.

MSCI ACWI Index is a free float-adjusted market capitalization weighted index designed to provide a broad measure of equity-market performance throughout the world, capturing large and mid cap representation across 23 Developed Markets (DM) and 26 Emerging Markets (EM) countries.

MSCI EAFE Index is a free float-adjusted market capitalization weighted index designed to measure developed markets' equity performance, excluding the U.S. & Canada, for 21 countries.

MSCI Europe ex-U.K. Index is a free float-adjusted market capitalization weighted index designed to measure equity performance of the 15 developed European markets except the United Kingdom.

MSCI U.K. Index is a free float-adjusted market capitalization weighted index designed to measure equity performance of listed common stocks in the United Kingdom.

MSCI Asia ex-Japan Index is a free float-adjusted market capitalization weighted index designed to measure equity performance of the 15 developed Asian markets except Japan.

MSCI Japan Index is a free float-adjusted market capitalization weighted index designed to measure equity performance of listed common stocks in Japan.

MSCI Emerging Markets Index is a free float-adjusted market capitalization index that measures emerging market equity performance of 23 countries.

Municipal Bond Index is a bond index that includes investment-grade, tax-exempt fixed-rate bonds with long-term maturities (greater than two years) selected from issues larger than \$50 million.

NASDAQ Composite Index is a market capitalization weighted index of the performance of domestic and international common stocks listed on the Nasdaq Stock Market including over 2,800 securities.

Russell 1000 Growth Index measures the large-cap growth segment of the U.S. equity market including Russell 1000 companies with higher price-to-book ratios and forecasted growth.

Russell 1000 Value Index measures the large-cap value segment of the U.S. equity market including Russell 1000 companies with lower price-to-book ratios and lower expected growth.

Russell MidCap Growth Index measures the performance of the mid-cap growth segment of the U.S. equity market including Russell Midcap Index companies with higher price-to-book ratios and forecasted growth.

Russell MidCap Value Index measures the performance of the mid-cap growth segment of the U.S. equity market including Russell Midcap Index companies with lower price-to-book ratios and forecasted growth.

Russell 2000 Growth Index measures the performance of small-cap growth stocks in the U.S. equity market including Russell 2000 companies with higher price-to-value ratios and forecasted growth.

Russell 2000 Value Index measures the performance of small-cap growth stocks in the U.S. equity market including Russell 2000 companies with lower price-to-value ratios and forecasted growth.

S&P 500 Index is a widely regarded as the best single gauge of the U.S. equities market, including 500 leading companies in major industries of the U.S. economy.

S&P 500 Sectors are defined as the GICS (Global Industry Classification Standard) sectors which provide standardized industry definitions consisting of 10 sectors, 24 industry groups, and 67 industries.

Economic Release Calendar

| Monday, January 25 | Tuesday, January 26 | Wednesday, January 27 | Thursday, January 28 | Friday, January 29 |
|--|---|--------------------------------------|-------------------------------------|--------------------------------------|
| Ifo Current Assessment (Jan) Germany | ILO Unemployment Rate (Nov) U.K. | Leading Index (Nov) Japan | CPI NSA (Jan) Germany | GDP SA (4Q20) Germany |
| Ifo Business Climate (Jan) Germany | FHFA Home Price Index (Nov) U.S. | Durable Orders SA (Dec) U.S. | Initial Claims (Jan 23) U.S. | Personal Income SA (Dec) U.S. |
| Ifo Expectations (Jan) Germany | S&P/Case-Shiller comp.20 HPI (Nov) U.S. | Fed Funds Target Upper Bound U.S. | Leading Indicators SA (Dec) U.S. | Chicago PMI SA (Jan) U.S. |
| Chicago Fed National Activity Index (Dec) U.S. | | | New Home Sales SAAR (Dec) U.S. | Michigan Sentiment NSA (Jan) U.S. |
| | | | CPI Tokyo SA (Jan) Japan | Pending Home Sales (Dec) U.S. |

Source: FactSet

Earnings Announcements

| Monday, January 25 | Tuesday, January 26 | Wednesday, January 27 | Thursday, January 28 | Friday, January 29 |
|---|---|---|---|---|
| Koninklijke Philips Kimberlyclark Otis Worldwide Graco Inc. Steel Dynamics Crane Co. | Microsoft Johnson & Johnson Verizon Novartis Texas Instruments Starbucks Advanced Micro Devices American Express GE 3M | Apple Tesla Facebook ATT Abbott Laboratories Boeing Lam Research Anthem ADP | Visa Mastercard Comcast Danaher Corp. McDonalds Mondelez Int'l Altria Group Marsh & McLennan Northrop Grumman | Eli Lilly & Co. Chevron SAP Honeywell Int'l Caterpillar Colgatepalmolive Denso Corp. Sumitomo Mitsui Roper Technologies |

Source: Zacks Investment Research

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