

Investment Weekly

Voya Investment Management

As of February 05, 2021

Commentary and Statistics

- Stock markets rebounded strongly after last week's selloff. The major Asian, European and U.S. indexes all posted solid gains. Undergirding investor sentiment were U.S. earnings beats, fiscal stimulus expectations and progress in coronavirus vaccine distribution.
- All 11 S&P 500 sectors posted gains, foremost among them were energy, communications services and financials; healthcare, utilities and consumer staples delivered lesser gains.
- Bonds pulled back for a second week. The U.S. Treasury yield curve widened into a "bear steepener" as the long end rose faster than the short, implying investors had long-term inflation concerns. The ten-year yield jumped from 1.05% to 1.12%; the two-year note eased from 0.11% to 0.09%.
- The U.S. dollar rose against a basket of major currencies. The Bloomberg Commodities index rose; copper and oil futures climbed, but gold fell back.
- With 57% of S&P 500 companies reporting 4Q20 results, 84% have exceeded earnings per share expectations and 79% have beaten revenue expectations. As of February 5, 2021, Refinitiv estimated the S&P 500's 4Q20 earnings growth at 2.4% and its 12-month forward P/E at 22.4. Alphabet, Emerson Electric and PayPal impressed this week; BP, Harley-Davidson and Pfizer disappointed.
- U.S. nonfarm payrolls added 49,000 jobs in January, a weak reading but good news after December's drop. Gains were concentrated in temporary help, state and local education.
- The unemployment rate declined from 6.7% to 6.3%. The drop was supported by household survey job growth of 201,000 and a dip in the labor force participation rate to 61.4%.

Index Prices (\$)		
Index	02/05/21	12/31/20
Dow Jones Industrial Average	31,148	30,606
S&P 500 Index	3,887	3,756

Returns (%)				
U.S. Market Indexes Returns	One Week	MTD	YTD	3-Months
Dow Jones Industrial Average	3.90	3.90	1.87	10.27
S&P 500 Index	4.67	4.67	3.61	11.17
MSCI ACWI Index	4.32	4.32	3.87	13.82
Russell 2000 Index	7.72	7.72	13.14	34.90
Russell MidCap Index	5.58	5.58	5.30	17.23
Bloomberg Barclays U.S. Aggregate Index	-0.39	-0.39	-1.11	-0.68
Bloomberg Barclays High Yield Bond Index	0.70	0.70	1.04	4.78
United States 20-Year Treasury Bond	-2.58	-2.58	-6.23	-7.89
S&P / LSTA Senior Loan Index	0.19	0.19	1.17	4.01

S&P 500 Sector Returns	One Week	MTD	YTD	3-Months
Consumer Discretionary	5.99	5.99	6.42	10.00
Consumer Staples	2.55	2.55	-2.75	2.17
Energy	8.29	8.29	12.39	45.82
Financials	6.62	6.62	4.84	23.56
Health Care	0.50	0.50	1.93	5.72
Industrials	4.90	4.90	0.39	10.01
Materials	3.87	3.87	1.40	8.87
Real Estate	3.16	3.16	3.71	7.38
Technology	4.93	4.93	3.97	11.98
Communication Services	7.26	7.26	5.87	11.02
Utilities	2.31	2.31	1.37	-0.24

U.S. Returns by Style					
One Week (%)		Year to Date (%)		3-Months (%)	
Large Value 4.7	Large Growth 5.1	Large Value 3.8	Large Growth 4.3	Large Value 15.7	Large Growth 10.1
Mid Value 5.3	Mid Growth 6.1	Mid Value 5.0	Mid Growth 5.8	Mid Value 18.3	Mid Growth 15.3
Small Value 6.6	Small Growth 8.8	Small Value 12.2	Small Growth 14.0	Small Value 35.9	Small Growth 34.0

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

Large Growth: Russell 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	-0.74	-0.74	-1.61	0.28
MSCI EAFE Index	2.76	2.76	1.67	14.17
MSCI United Kingdom Index	1.02	1.02	0.78	15.68
MSCI Europe ex-U.K. Index	2.77	2.77	0.94	13.17
MSCI Japan Index	3.69	3.69	2.65	13.97
MSCI AC Asia ex-Japan Index	5.00	5.00	9.31	19.92
MSCI Emerging Markets Index	4.96	4.96	8.21	20.11
JPM EMBI+ Emerging Markets Bond Index	0.51	0.51	-0.71	2.35
FTSE EPRA / NAREIT GRE Index	2.24	2.24	1.13	11.05

Source: FactSet

- Initial jobless claims declined for a third week, falling to 779,000 as of January 30 and erasing the jump in January. Continuing claims for the week ended January 23 fell to 4.592 million versus the prior week's 4.785 million.
- ISM Manufacturing PMI read 58.7 for January, down from December's 60.5. New orders and production declined, whereas employment rose. January IHS Markit final manufacturing PMI of 59.2 surpassed December's 57.1; new orders, output, selling prices and employment growth were up sharply.
- The Caixin China General Services Business Activity index read 52.0 in January, a slower pace from December's 56.3 but still in expansion.
- Headline IHS Markit/BME Germany Manufacturing PMI[®] read 57.1 in January, marking slower expansion than December's nearly three-year high of 58.3.

Bond Rates (%) as of:	02/05/21	01/29/21	12/31/20	11/05/20
U.S. Federal Funds Target Rate	0.25	0.25	0.25	0.25
U.S. Two-Year Treasury Yield	0.09	0.11	0.11	0.15
U.S. Ten-Year Treasury Yield	1.12	1.05	0.87	0.76
U.S. 30-Year Treasury Yield	1.97	1.86	1.64	1.55
High Yield (Merrill U.S. Corporates)	3.87	3.99	3.86	4.24

Commodity Prices as of:	02/05/21	01/29/21	12/31/20	11/05/20
Gold (USD/oz)	1,813.00	1,850.30	1,895.10	1,946.80
Crude Oil (USD/bbl)	56.85	52.20	48.52	38.79
Gasoline (USD/gal)	2.61	2.59	2.42	2.31
Copper (NYM \$/lbs)	3.64	3.57	3.51	3.10

Exchange Rates as of:	02/05/21	01/29/21	12/31/20	11/05/20
\$ per €	1.20	1.21	1.22	1.18
\$ per £	1.37	1.37	1.37	1.31
¥ per \$	105.46	104.69	103.25	103.66

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, February 08	Tuesday, February 09	Wednesday, February 10	Thursday, February 11	Friday, February 12
New Yuan Loans (Jan) China	NFIB Small Business Index (Jan) U.S.	Average Workweek SA (Jan) U.S.		Continuing Jobless Claims SA (Jan 30) U.S.
Industrial Production SA (Dec) Germany	JOLTS Job Openings (Dec) U.S.	Initial Claims SA (Feb 6) U.S.		GDP (Dec) U.K.
	PPI NSA (Jan) China	Foreign Direct Investment (Jan) China		
	CPI NSA (Jan) Germany	Industrial Production SA (Dec) U.K.		
	CPI NSA (Jan) U.S.	Michigan Sentiment NSA (Feb) U.S.		

Source: FactSet

Earnings Announcements

Monday, February 08	Tuesday, February 09	Wednesday, February 10	Thursday, February 11	Friday, February 12
Mercadolibre Global Payments Simon Property Group Michelin KKR & Co. Restaurant Brands Int'l Hasbro	Cisco Systems Air Liquide S&P Global Daimler Fiserv Dupont de Nemours America Movil Exelon Twitter	Cocacola Co. Uber Technologies Applied Materials General Motors Equinix, Inc. Heineken Zillow Group Ahold O'Reilly Automotive	Nestle Nvidia Walt Disney Pepsico Astrazeneca Airbus Group Duke Energy Roku	Enbridge Dominion Energy Moody's Electricite de France Tokio Marine Credit Agricole Kubota Corp. Natwest Group Fortis Inc.

Source: Zacks Investment Research

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