

# September 2021 Market Watch

U.S. markets closed lower in September; S&P500 had its largest monthly decline since March 2020, when the coronavirus pandemic prompted a selloff. A few contributing factors continued to be at play such as the Delta variant, inflation concerns with more persistent supply chain and input pressures, energy price spike, China's slowdown (including the contagion from Chinese developer Evergrande), and the U.S. debt ceiling drama. However, U.S. equities still showed strong year-to-date gains so far.

The Federal Reserve made no changes to rates this month, but signaled a likely rate rise next year, and released projections that the U.S. interest rates may increase to 1.75% by the end of 2024. The Fed also reiterated that a decrease to the asset-purchase program might take place as early as November of this year, reversing the stimulus program.

U.S. economic data has shown that economic growth is starting to slow – Aug nonfarm payrolls and Sep consumer confidence missed, jobless claims hit pandemic lows. However, the U.S. economy expanded (revised 6.7% in 2Q vs 6.6%). August CPI was a bit below consensus and retail sales increased against expected declines.

The Fed's next move and supply chain issues remain in focus along with the upcoming 3<sup>rd</sup> quarter earnings season.

	Date	1 Week Ago		1 Month Ago		YTD	1 Year Ago	
	9/30/21	9/23/21	% chg*	8/31/21	% chg*	% chg*	9/30/20	% chg*
<b>DJIA</b>	33,843.9	34,764.8	-2.6%	35,360.7	-4.3%	10.6%	28,430.1	19.0%
<b>S&amp;P 500</b>	4,307.5	4,449.0	-3.2%	4,522.7	-4.8%	14.7%	3,500.3	23.1%
<b>NYSE Comp Index</b>	16,144.9	16,567.3	-2.5%	16,806.4	-3.9%	11.2%	13,045.6	23.8%
<b>NASDAQ Composite</b>	14,448.6	15,052.2	-4.0%	15,259.2	-5.3%	12.1%	11,775.5	22.7%
<b>Russell 2000</b>	2,204.4	2,259.0	-2.4%	2,273.8	-3.1%	11.6%	1,561.9	41.1%
<b>MSCI EM (Emerging Markets)</b>	1,253.1	1,272.5	-1.5%	1,308.7	-4.2%	-3.0%	1,101.5	13.8%
<b>MSCI EAFE</b>	2,281.3	2,353.2	-3.1%	2,356.4	-3.2%	6.2%	1,910.0	19.4%
<b>Japan Nikkei 225</b>	29,452.7	29,639.4	-0.6%	28,089.5	4.9%	7.3%	23,139.8	27.3%
<b>FTSE 100</b>	7,086.4	7,078.4	0.1%	7,119.7	-0.5%	13.1%	5,963.6	18.8%
<b>SSE Comp Index</b>	3,568.2	3,642.2	-2.0%	3,543.9	0.7%	2.7%	3,395.7	5.1%

## US Equity Sector Performance

	Sep	YTD	1 Yr Ret.
<b>Consumer Discretionary</b>	-2.6%	10.3%	14.8%
<b>Consumer Staples</b>	-4.1%	4.7%	9.7%
<b>Energy</b>	9.4%	43.2%	56.4%
<b>Financials</b>	-1.8%	29.1%	53.6%
<b>Health Care</b>	-5.5%	13.5%	19.9%
<b>Industrials</b>	-6.1%	11.5%	28.0%
<b>Information Tech</b>	-5.8%	15.3%	22.0%
<b>Materials</b>	-7.2%	10.5%	28.2%
<b>Communication Services</b>	-6.6%	21.6%	29.4%
<b>Utilities</b>	-6.2%	4.2%	12.3%
<b>Real Estate</b>	-6.5%	23.5%	26.2%

## US Equity Style Performance

	Sep	YTD	1 Yr Ret.
<b>Dow Jones Utilities</b>	-6.4%	1.2%	8.9%
<b>DJ TRANS Avg.</b>	-4.4%	12.9%	26.2%
<b>Russell 1000 Value</b>	-3.5%	16.1%	31.7%
<b>Russell 1000 Growth</b>	-5.6%	14.3%	21.3%
<b>Russell 2000 Value</b>	-2.0%	22.9%	56.3%
<b>Russell 2000 Growth</b>	-3.8%	2.8%	30.4%

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U.S. equity sectors closed mostly lower with the exception of Energy +9.4%. Materials -7.2%, Communication Services -6.6%, and Real Estate -6.5% led losses.

Both Developed International Equities (MSCI EAFE) -3.2% and Emerging Market (MSCI EM) -4.2% closed lower. German inflation accelerated at a record pace in September, highlighting growing price pressures in Europe's largest economy. China's recovery momentum has slowed down, as reflected by its unexpected factory activity contraction with the manufacturing PMI down from 50.1 in Aug to 49.6 in Sep (vs 50.0 consensus). China's crack down on high-energy consuming projects and restrictions on energy usage were to blame. This is in addition to curbs already in place for Chinese property and technology sectors.

U.S. government yields saw the 10-Yr move higher to 1.53%, the 30-Yr to 2.09%, and the 2-Yr note to 0.29%. The recent rise in yields has largely been attributed to the Fed's near-term tapering, along with inflation concerns stemming from more persistent supply chain pressures and energy price spike.

The Bloomberg Commodity Index rose to the highest level in a decade this month and closed +5.0% higher. WTI crude oil rallied +9.5% this month and climbed past \$80 for the first time in three years. These price increases for households and companies have hit consumer sentiment in the U.S. and the U.K, pushing inflation faster than economists had previously expected. Gold closed -3.4% lower.

## Bond Markets (%)

	9/30/21	1 Mth Ago	1 Yr Ago
US Benchmark Bond – 3 Mth	0.04	0.04	0.11
US Benchmark Bond – 6 Mth	0.05	0.06	0.13
US Benchmark Bond – 2 Yr	0.29	0.20	0.13
US Benchmark Bond – 5 Yr	0.99	0.77	0.26
US Benchmark Bond – 10 Yr	1.53	1.30	0.70
US Benchmark Bond – 30 Yr	2.09	1.93	1.46

## US Bond Sector Performance

	Sep	YTD	1 Yr Ret.
Bloomberg Barclays U.S. Govt. Intrm. TR	-0.60%	-1.12%	-1.33%

## Exchange Rates (per US dollar)

	9/30/21	1 Mth Ago	1 Yr Ago
Canadian Dollar	1.267	1.264	1.303
Mexican Peso	20.545	20.040	21.886
Euro	0.863	0.847	0.836
British Pound	0.742	0.727	0.747
Swiss Franc	0.933	0.916	0.900
Chinese Yuan	6.462	6.463	6.855
Indian Rupee	74.228	73.008	73.608
Japanese Yen	111.575	109.860	106.045

## Commodities (In US dollars)

	9/30/21	1 Mth Ago	1 Yr Ago
Gold	1,757.00	1,818.10	1,978.60
Crude Oil	75.03	68.50	42.61
US Dollar Index	94.24	92.64	92.13
Bloomberg Commodity Index	100.76	95.99	73.32

## Interest Rates (%)

	9/30/21	1 Mth Ago	1 Yr Ago
Prime Rate	3.25	3.25	3.25
Federal Funds Rate	0.09	0.09	0.09
Libor Rate 30 Day	0.08	0.08	0.16
Libor Rate 3 Months	0.13	0.12	0.24
30yr Fixed Mortgage	3.01	2.87	2.93

## Economic Sentiment

	9/30/21	1 Yr Ago
Unemployment Rate	5.20%	8.40%
Average Single Family Home	380,700	345,500
Capacity Utilization	76.40%	72.30%

\*Performance for world indices represents price returns (excluding dividends) for the DJIA, S&P 500, NASDAQ, Russell 2000, MSCI EM, MSCI EAFE, NYSE, SSE, and Nikkei, due to data availability.

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