



Wealth Advisors,
Investment Managers

Market Commentary

Weekly Recap:

Kabul notwithstanding, there were two events that moved markets last week:

* On Monday, the FDA gave official approval for Pfizer's covid-19 vaccine. In response to this development, many companies and government agencies announced vaccine mandates, a step that should help raise vaccination rates nationally and reduce the spread of the virus.

* On Friday, Fed Chairman Jerome Powell successfully walked the line in his Jackson Hole speech, acknowledging that progress had been made towards full employment, expressing the view that longer-term inflation risks are manageable, teeing up asset purchase tapering to begin later this year, and underscoring that tapering does not start a ticking clock on a rate hiking cycle.

Stock investors responded favorably. Cyclical and small/mid caps led the rally, while the S&P 500 and Nasdaq both finished the week at record highs. Notably, this was the 52nd record closing high in the S&P 500 so far in 2021. International stocks were better as well, led by a rebound in China following the eradication of local virus transmission after a month of lockdowns.

Treasury yields finished higher on the week, although they retraced part of this move after Jerome Powell's speech on Friday. Credit spreads tightened.

Oil was a major beneficiary of the cyclical rally, closing higher by nearly \$6.50 on the week. Other commodities were higher as well. The US dollar weakened.

Albion's "Four Pillars":

*Economy & Earnings - US GDP growth was +6.3% annualized in Q1 and +6.6% in Q2, with consensus estimates of +6.9% in Q3, and +5.6% in Q4. Meanwhile, EPS for the S&P 500 is forecast to rise to an all-time annual record in 2021.

*Equity Valuation - The S&P 500's forward P/E of 21x is above the historical average, and long-term valuation metrics like CAPE (cyclically adjusted P/E ratio) suggest that compound annual returns over the coming decade are likely to be in the single digits. That said, lower-than-historical equity returns may be justified in the context of ultra-low yields on alternatives like bonds and cash.

*Interest Rates - Rates remain very low by historical standards, supporting equity valuations and lowering borrowing costs.

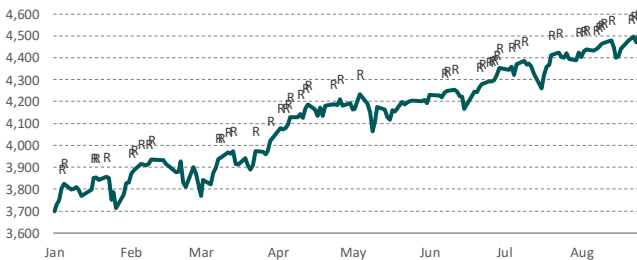
*Inflation - Inflation is currently high on a y/y basis as the economy laps the early months of the pandemic, but most of the drivers appear transitory. The Fed has communicated greater tolerance for short periods of above-target inflation, but longer-term inflation expectations remain well anchored.

Albion's Dashboard of Key Leading Economic Indicators as of 08/27/21

- Initial Jobless Claims 4wma (367k) - Stronger: new claims have fallen for 4 consecutive weeks
- Conference Board LEI (+10.6%) - Stronger: 5 consecutive months of significant improvement
- Building Permits (1,630k) - Steady: slowing but still above pre-pandemic levels
- Corporate Bond Spreads (0.83%) - Steady: IG spreads are still near multi-decade tights
- Treasury Yield Curve (+109bp) - Steady: 2s10s curve stable after flattening in Q2
- Consumer Confidence (129.1) - Mixed: divergence between Conf Board (strong) and UoM (weak)
- Real Final Sales (+11.3%) - Stronger: double-digit growth in Q1 and Q2 of 2021

Legend: ● = All Clear; ● = Minor Concern; ● = Strong Warning

Chart of the Week - S&P 500 Closing Level (R denotes all-time record high)



Weekly Market Recap - 08/27/21

Market Data

Equity Indices	Close	Index Total Returns (%)				
		1 Week	MTD	YTD	1 Year	3y Cum.
S&P 500	4,509	1.5%	2.7%	21.2%	31.4%	64.4%
Dow Jones Indus. Avg.	35,456	1.0%	1.7%	17.3%	26.8%	45.5%
NASDAQ	15,130	2.8%	3.2%	17.9%	31.1%	94.0%
S&P Midcap 400	2,767	3.4%	2.4%	20.9%	44.8%	42.0%
Russell 2000 (Small Cap)	2,277	5.1%	2.4%	16.0%	47.1%	37.0%
MSCI EAFE (Int'l Dev Mkt Eq)	2,349	1.9%	1.5%	11.6%	26.8%	30.0%
MSCI EM (Emerging Mkt Eq)	1,273	4.3%	-0.2%	0.2%	16.5%	28.8%

Fixed Income	Yield	Index Total Returns (%)				
		1 Week	MTD	YTD	1 Year	3y Cum.
10y U.S. Treasuries	1.31%	-0.4%	-0.4%	-2.5%	-3.6%	20.2%
U.S. Bonds (Aggregate)	1.43%	0.0%	-0.2%	-0.7%	0.2%	17.1%
Global Bonds	1.03%	0.2%	-0.5%	-2.4%	1.2%	14.2%
U.S. Munis	0.96%	-0.1%	-0.4%	1.5%	3.3%	15.9%
U.S. Investment Grade Corp	2.00%	0.0%	-0.3%	-0.2%	3.0%	24.7%
U.S. High Yield Corporates	3.94%	0.7%	0.3%	4.3%	10.1%	22.6%

US Interest Rates	Levels (%)					
	8/27/21	8/20/21	7/30/21	12/31/20	8/27/20	8/27/18
2y Treasuries	0.22	0.22	0.18	0.12	0.16	2.64
10y Treasuries	1.31	1.26	1.22	0.91	0.75	2.85
30y Treasuries	1.92	1.87	1.89	1.64	1.51	2.99
3m LIBOR (USD)	0.12	0.13	0.12	0.24	0.25	2.32
30y Fixed Mortgage	2.87	2.86	2.80	2.67	2.91	4.51
Prime Rate	3.25	3.25	3.25	3.25	3.25	5.00

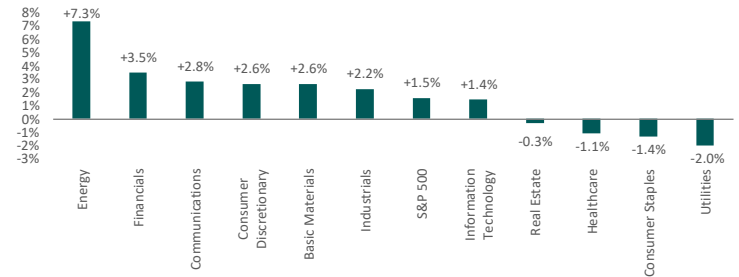
Commodity Prices	Levels					
	8/27/21	8/20/21	7/30/21	12/31/20	8/27/20	8/27/18
Oil (WTI)	68.74	62.32	73.95	48.52	43.04	68.87
Gasoline	3.15	3.17	3.17	2.25	2.23	2.84
Natural Gas	4.37	3.85	3.91	2.54	2.58	2.88
Gold	1,818	1,781	1,814	1,898	1,930	1,211

Currency Crosses	Levels					
	8/27/21	8/20/21	7/30/21	12/31/20	8/27/20	8/27/18
\$ per £	1.38	1.36	1.39	1.37	1.32	1.29
\$ per €	1.18	1.17	1.19	1.22	1.18	1.17
¥ per \$	109.8	109.8	109.7	103.3	106.6	111.1
\$ per Bitcoin	48,922	48,668	40,689	28,996	11,267	6,719

Macroeconomic Data	Value	Date
Inflation (Core PCE Def)	3.6%	07/31/21
Unemployment (U-3)	5.4%	07/31/21
GDP Growth (Q/Q SAAR)	6.6%	06/30/21
ISM Manufacturing PMI	59.5	07/31/21
Consumer Confidence	129.1	07/31/21

Data Source:
Bloomberg, FactSet

Sector Total Returns for the Week Ending 08/27/21



YTD Sector Total Returns as of 08/27/21

