# Brinker Capital Market Barometer

SEPTEMBER 2021

BRINKER CAPITAL INVESTMENTS

While growth may have stalled in recent months due to concerns surrounding the Delta variant, the US economy remains on track for solid growth in 2021. The August employment report was weaker than expected, but wages continue to accelerate. Fiscal policy is currently supportive; however, uncertainty may arise in September as there are a number of fiscal initiatives to work through, which could result in higher taxes, causing the fiscal backdrop to shift. Monetary policy is also supportive, and the weaker unemployment report may have further delayed the Fed's plans for tapering asset purchases. The increase in inflation measures look more sticky than transitory, but we are still working through COVID-19 related disruptions to supply and demand. Consumer and business sentiment remain at elevated levels but have receded some from recent highs likely due to renewed COVID-19 concerns. Overall, the barometer remains tilted positively in September, aligned with our overweight risk positioning across portfolios.

## SHORT-TERM FACTORS (< 6 months)

| | CHANGE | NEGATIVE | NEUTRAL | POSITIVE | |
|---|---|---|---|---|---|
| Momentum | | | | ● | Market momentum remains solid |
| Trend | | | | ● | Developed market indices remain above 50-day and 200-day moving averages |
| Investor sentiment | | ● | | | Bullish sentiment declined in recent weeks; equity ETF flows remain strong |
| Seasonality | | ● | | | Seasonally weak period through October |

## INTERMEDIATE-TERM FACTORS (6-36 months)

| | CHANGE | NEGATIVE | NEUTRAL | POSITIVE | |
|---|---|---|---|---|---|
| Fiscal policy | | | | ● | Still supportive but watching budget bill negotiations for higher taxes |
| Monetary policy | | | | ● | Federal Reserve remains supportive; tapering possible before year-end |
| Inflation | | | ● | | Inflation has picked up and appears more sticky than transitory |
| Interest rate environment | | | | ● | Treasury yields stable at low levels |
| Macroeconomic | | | | ● | Expect solid growth in 2H21; labor market weaker than expected in August |
| Business sentiment | | | | ● | CEO confidence increased again in 2Q to a record high level |
| Consumer sentiment | | | | ● | August readings weaker due to delta variant concerns |
| Corporate earnings | | | | ● | Strong earnings growth so far in 2021 |
| Credit environment | | | | ● | High yield spreads have remained relatively stable |

## LONG-TERM FACTORS (36+ months)

| | CHANGE | NEGATIVE | NEUTRAL | POSITIVE | |
|---|---|---|---|---|---|
| Valuation | | ● | | | Equity valuations well above long-term averages but not a near-term driver |
| Business cycle | | | | ● | In an economic expansion period with positive GDP growth since 3Q20 |
| Demographics | | | ● | | Mixed - US and emerging markets positive but developed international negative |

## SUMMARY

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|---|---|---|
| There were no changes to the **short-term factors**. We are in currently in the most seasonally weak period for equity markets based on history. | There were no changes to the **intermediate-term factors**, the vast majority in positive territory. | There were no changes to the **long-term factors**. While equity valuations are stretched, they are not likely a near-term driver of markets. |

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