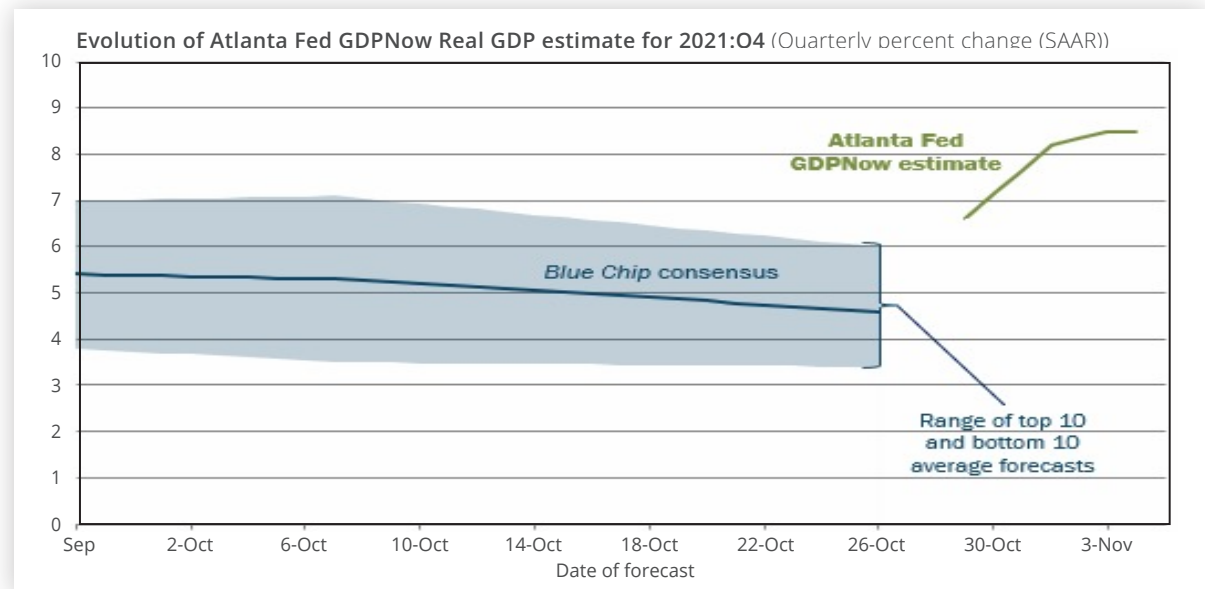


The Atlanta Fed's GDPNow "Nowcast" Taketh and Giveth

One of the more well-reported stories of the past several months was the deceleration in economic growth as we moved through the third quarter. As we now know, the Delta variant and snarled supply chains and labor shortages, among other challenges, conspired to (somewhat) put the brakes on consumer and corporate spending during July, August, and September. That dynamic was identified by the Atlanta Fed's GDPNow "nowcast" of Q3 GDP growth, which dropped from an estimated growth rate of 6.1% on July 30 to an estimated growth rate of 0.2% on October 27; not that far removed from the estimated Q3 GDP growth rate of 2.0% released by the Bureau of Economic Analysis on October 28. As we have written of late, we do expect the economy to perform much better in the fourth quarter as the impact of the Delta variant fades, supply chains catch up with demand, the labor market continues to improve, and consumers spend down their rather significant pile of accumulated savings during the holiday season (some economists estimate that consumers have socked away \$2 trillion in cumulative savings since February of 2020). On that front, the latest reading from the Atlanta Fed's GDPNow nowcast of Q4 GDP growth is 8.5% (which the bank released on November 4th). Clearly, the economy continues to face meaningful headwinds but as we move further into the fourth quarter it also seems clear that economic growth is accelerating. Before we sign off, and with Atlanta on our minds, a big shout out to the Atlanta Braves for winning the World Series, and a big shout out to our own Chief Behavioral Officer, Atlanta resident and big Braves booster – Dr. Daniel Crosby!



Stocks, bonds, and commodities (11/5/2021)

Security name	Last	QTD chg	YTD chg	12mo chg
S&P 500	4697.53	9.05%	25.07%	33.85%
MSCI AC World ex USA	351.02	3.45%	7.52%	19.30%
MSCI EAFE	2373.27	4.03%	10.51%	23.34%
MSCI EM	1264.07	0.88%	-2.11%	7.46%
Bloomberg Barclays US Agg	105.88	0.36%	-3.63%	-3.58%
Crude Oil WTI	81.68	8.86%	68.34%	119.92%
Natural Gas	5.64	-3.90%	123.20%	86.01%

Treasury rates (11/5/2021)

	Price	Yield
2Y	99.30 / 99.3	0.395
3Y	99.29 / 99.3	0.648
5Y	100.1 / 100.	1.054
7Y	100.1 / 100.	1.315
10Y	98.05 / 98.0	1.451
30Y	102.1 / 102.	1.887

Weekly reports

This week
• PPI NSA Y/Y Oct
• JOLTS Job Openings Sept
Last week
• Private Nonfarm Payrolls Oct 531K
• Unemployment Rate Oct 4.6%

Brinker Capital Market Barometer

OCTOBER 2021

Growth is likely to pick up again as concerns over the Delta variant fade. We are seeing economic strengths on many fronts, including corporate earnings, capital expenditures, housing, and employment. Monetary policy remains a tailwind, and the Fed has been transparent in its plan, assuming desired economic conditions have been met. Fiscal policy is currently supportive; however, uncertainty exists near term as Congress works through several fiscal initiatives, including addressing the debt ceiling. Depending on where the legislation ends up, it could result in higher taxes, causing the fiscal backdrop to shift. The increase in inflation measures look more persistent than transitory, but we are still working through supply chain issues. Treasury yields have moved slightly higher, but credit conditions remain favorable. Overall, the barometer remains tilted positively in October, aligned with our overweight risk positioning across portfolios.

SHORT-TERM FACTORS (< 6 months)

	CHANGE	NEGATIVE	NEUTRAL	POSITIVE	
Momentum				●	Momentum remains positive although the rate of change is slowing
Trend				●	S&P 500 index dropped below 50-day moving average, but still in an uptrend
Investor sentiment	→		●		Bearish sentiment has increased; outflows from equity funds/ETFs
Seasonality		●			Seasonally weak period until end of October

INTERMEDIATE-TERM FACTORS (6-36 months)

	CHANGE	NEGATIVE	NEUTRAL	POSITIVE	
Fiscal policy				●	Remains supportive but watching for level of tax increases in final bill
Monetary policy				●	Fed has clearly communicated plan for tapering ('21) and potential rate hikes ('22)
Inflation			●		Inflation appears more persistent than transitory; supply chain issues remain
Interest rate environment				●	Treasury yields have risen modestly since August but remain at low levels
Macroeconomic				●	Economic strength on many fronts - employment, capex, personal income, housing
Business sentiment				●	Small business confidence remains at elevated level; labor shortage a concern
Consumer sentiment				●	Improved slightly in September; higher inflation weighing on purchases
Corporate earnings				●	Earnings picture remains strong; pace of growth may decelerate in 2H21
Credit environment				●	High yield spreads have remained relatively stable; credit conditions constructive

LONG-TERM FACTORS (36+ months)

	CHANGE	NEGATIVE	NEUTRAL	POSITIVE	
Valuation		●			Equity valuations 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

For informational purposes only. Indices are unmanaged, and an investor cannot invest directly in an index. Source: Brinker Capital. Information is accurate as of October 4, 2021. Themes and specific funds utilized to implement themes are discussed within the context of Brinker Capital's managed asset allocations and are based on current market conditions and constitute Brinker Capital's judgment and opinions, which are subject to change without notice. Past performance does not guarantee future results. Statements referring to future actions or events, such as the future financial performance of certain asset classes or market segments, are based on the current expectations and projections about future events provided by various sources, including Brinker Capital's Investment Management Group. These statements are not guarantees of future performance and actual events may differ materially from those discussed. Brinker Capital Inc., a registered investment advisor. MSCI AC World ex US Growth: An index made up of approximately the top 50% of the MSCI AC World ex US Index as composite ranked by five growth rates. This is a common proxy used to represent the growth segment of the developed international market. MSCI EAFE Index: A market-capitalized weighted index representing developed international equity markets located in Europe, Australia, Asia and Far East (EAFE). S&P 500 Index: An index consisting of 500 stocks chosen for market size, liquidity and industry grouping, among other factors. The S&P 500 is designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large-cap universe. Companies included in the Index are selected by the S&P Index Committee, a team of analysts and economists at Standard & Poor's. Barclays US Aggregate Index: A market capitalization-weighted index, maintained by Barclays Capital, and is often used to represent investment grade bonds being traded in the US. MSCI Emerging Markets: a float-adjusted market capitalization index representing 13% of global market capitalization. Captures mid and large cap across more than two dozen emerging market countries. Brinker Capital Investments, LLC a registered investment advisor.