ECONOMIC INDICATORS DASHBOARD

OCTOBER 1, 2021

The dashboard below is a view of current conditions in the market relative to their typical-long term ranges. *

* The dashboard definition of "typical range" is the range in which 90% of historical observations are most tightly clustered.

Data displayed in the Economic Indicators Dashboard are reflective of current data as provided by the data sources. This data is historical and not a guarantee of future results. Data Source: Russell Investments, FactSet, and Bloomberg.

COMMENTARY

- ## CORPORATE DEBT (OAS)

An OAS (Option-Adjusted Spread) is a measurement tool for evaluating yield differences between similar-maturity fixed-income products with different embedded options. The OAS we're using measures the difference between interest rates for similar-maturity investment-grade corporate bonds and treasury bonds.

A higher OAS implies greater anticipated default risk and therefore a higher risk premium. A lower OAS implies a greater availability of credit and more operational flexibility.

- ## MARKET VOLATILITY (VIX)

The CBOE VIX (Chicago Board Options Exchange Volatility Index) measures annualized implied volatility as conveyed by S&P 500 stock index option prices and is quoted in percentage points per annum. For instance, a VIX value of 15 represents an annualized implied volatility of 15% over the next 30 day period.

An increasing VIX represents an increase in investor uncertainty about the near-term direction of the market. A decreasing VIX suggests the opposite.

- ## INTEREST RATES

The spread between 3-month Treasury bill yields and 10-year Treasury note yields measures the outlook for future interest rates.

An increase in the yield curve spread generally indicates that investors expect interest rates to increase. A decrease in the spread usually means the opposite.

- ## MORTGAGE DELINQUENCIES

Residential Mortgage Delinquencies measure delinquency percentages for residential real estate loans secured one-to four-family properties. It includes home equity lines of credit. Delinquent loans represent those loans that are past due 30 days or more and are still accruing interest, as well as loans in non-accrual status.

Rising delinquency rates are an after-the-fact reflection of challenging economic climates. Since mortgage payments are less discretionary than general consumer expenditures, increases in this indicator are more likely to occur during times of economic difficulty.

- ## CORE INFLATION (PCE PI)

The core Personal Consumption Expenditures Price Index (PCE PI) measures the average price increase for American consumers on an annualized basis. It excludes food and energy prices, which tend to be volatile from month-to-month. It also allows for consumer substitution of more expensive foods for cheaper goods, which the Consumer Price Index (CP() does not. It is the preferred lagging inflation measure of the Federal Reserve.

An increase in the inflation rate generally indicates that the rate of price increases has picked up. A decrease in the inflation rate means the rate of price increases has slowed down.

- ## EMPLOYMENT GROWTH (NF PAY)

The NF PAY (Non-Farm Payroll) measures the number of jobs added or lost in the economy over the previous month, not including jobs related to the farming industry due to its seasonal hiring.

Among other things, like a higher savings rate, an increase in employment may fuel purchases of goods and services, which is a positive factor for overall economic growth. A decrease in employment suggests the opposite.

- ## CONSUMER SPENDING (PCE)

The PCE (Personal Consumption Expenditures) measures the value of goods ands ervices purchased by individual consumers, families, and nonprofit institutions serving them. It consists of new goods/services purchased by individuals from businesses. It excludes purchases of residential structures by individuals and buildings/equipment used by nonprofit institutions serving indivduals.

The PCE is indicative of the general consumption by individuals and their willingness to spend. Sharply declining or negative values indicate reduced consumption and are likely to correspond to times of economic stress.

- ## ECONOMIC EXPANSION (GDP)

The GDP measures the total market value of a nation's output of goods/services during a specific time period, usually on a quarterly basis. Current GDP is based on current prices of the period being measured. Nominal GDP growth refers to GDP growth in nominal prices (unadjusted for price changes). Real GDP growth refers to GDP growth adjusted for price changes. Calculating Real GDP growth allows economists to determine if production increased, regardless of changes in the purchasing power of the currency.

A positive Real GDP number reflects a growing economy; a negative GDP number reflects a declining economy. Two consecutive quarters of a decline is generally associated with a recession.

COMMENTARY