

June 14 - June 18, 2021 Weekly Index Research Update

The CrowdBureau® P2P Online Lending and Digital Banking Index (CBLENDT) dropped a tenth of a percent, to end the week slightly lower

The CrowdBureau® P2P Online Lending and Digital Banking Index (CBLENDT) ended -0.10%, dropping slightly lower for the weekly trading cycle, on Friday, June 18, 2021, registering a value of 99.46. The latest monetary policy update sent share prices in all three U.S. major benchmarks tumbling for the week, following the Fed's comments that the U.S. economy is expected to recover more in 2022. That said, bank yields continued to fall, and performance for the ten CBLENDT index constituents that comprise of the digital banks underperformed, including Citigroup (C) shedding more than 10%. (See the Chart for the Week). On a month-to-date basis, the index is up 0.84%, while year-to-date is 16.93%.

The CBLENDT rules-based stock Index is the underlying methodology for the (ticker: [LEND](#)) - Amplify CrowdBureau® Online Lending and Digital Banking ETF, the exchange-traded fund listed for trading on NYSE Arca.

All three major U.S. indexes were pressured down following Federal Chairman's Powell hawkish views on the U.S. economic recovery as the rise in inflation is expected to pick up the pace in the coming quarters. The Dow Jones Industrial Average (DJIA) registered -3.45% to end at 39,290.08. The S&P 500 index (SPX) closed -1.91% to register at 4,166.45. The Nasdaq Composite (COMP) decreased -0.28%, to record at 14,030.38. The Russell 2000 index (RUT) that tracks small cap stocks -4.10%, to finish at 2,237.75. The Fed said it would keep its bond-buying the same at \$80 billion of Treasuries and \$40 billion of mortgage-backed securities each month. In other economic news, U.S. housing permits declined 3% in May to 1.68 million, while in April, U.S. housing starts decreased to 1.52 million from 1.76 million. U.S. import prices rose 1.1% during May and recorded gains of 0.9% minus fuel which contributed to an 11.3% in the past 12 months.

Earlier in the week, bond yields were persuaded by the Fed's sentiment, with 10-year yields moving forward more than 8 basis points on Wednesday, however by Friday, the yield curve flattened. The yield for the 10-year Treasury note TMUBMUSD10Y, yield 1.438%, dropping 6.27 basis points for the week. Crude Oil futures (CL00) climbed 0.93%, the West Texas Intermediate crude settled at \$71.64 a barrel. The prices of gold fell, with Gold futures (GC00) sliding -5.18%, to settle at \$1,769 a troy ounce.

In Europe, the Stoxx Europe 600 (SXXP), ticked up 0.17% to finish at 458.40. Asian equities sold off after trading for only three days during the week, with China's Shanghai Composite (SHCOMP) declined -1.80% to register at 3,525.10, while Hong Kong's Hang Seng Index (HSI) shed -0.14%, to close modestly lower at 28,801.07.

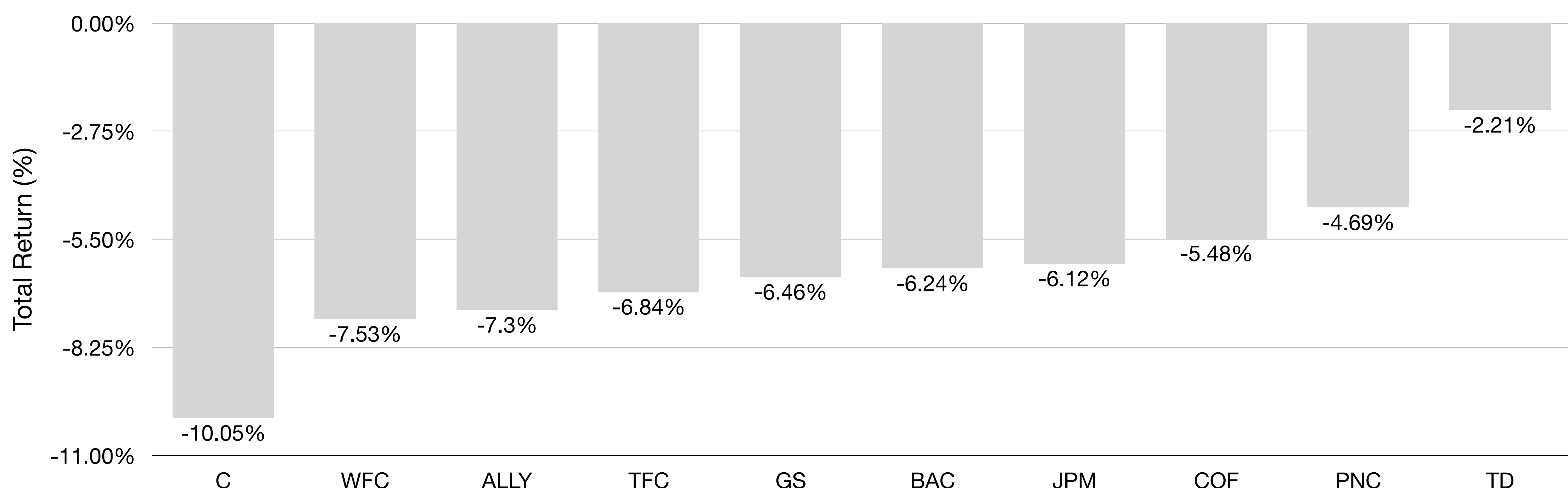
The CrowdBureau® P2P Online Lending and Digital Banking Index (CBLENDT) dropped a tenth of a percent for the week, with share prices in thirty of the 48 CBLENDT index constituents recording negative returns. Performance ranged from -13.48% to +19.10%. The top heaviest-weighted constituents ended mixed including Enova International Inc. (ENVA) shedding -4.54%, LendingTree (TREE) -2.00%, Fidelity National Information Services Inc (FIS) -1.83%, Fiserv Inc. (FISV) -1.42%, Affirm Holdings Inc. (AFRM) -1.10%, Global Payments Inc (GPN) -0.72%, Upstart Holdings Inc. (UPST) -0.64%, Elevate Credit (ELVT) +1.89%, Lufax Holding Inc (LU) +1.95%, and LendingClub (LC) climbed +12.37%.

Share prices of the constituents that comprise the financial institutions with a dedicated digital lending platform ranged from -10.05% to -4.69%, with all ten big banks yields retrenching. Investors continued to shed bank stocks, and could mean banks could recover significantly in the coming quarters as the Fed tempers inflation. Citigroup Inc. (C) stock ended the week losing -10.05%, while JP Morgan Chase & Co (JPM) -6.12% says the firm is sitting on more than \$500 billion to invest once interest rates rise. Also, the firm agreed to buy Nutmeg Saving and Investment, a U.K.-based digital wealth manager, as it prepares to launch a digital bank in the U.K. in 2021. Nutmeg launched in 2012, has £3.5B of assets under management, 140K client investors, and has grown 70% year-over-year. The new entity will retain the Chase brand while Nutmeg will "form the bedrock of the bank's retail digital wealth management offering internationally." Goldman Sachs (GS) declined -6.46% announced plans to offer clients the opportunity to trade options and future in cryptocurrency Ethereum (ETH), according to the head of the banks' digital asset division.

Four of the China-based P2P Online Lending Platforms lost more than 10% market share over the 5-day trading cycle, including Xiamobai Maimai Inc. (HX) falling back -13.48%, Jiayin Group Inc. -12.77%, Weidai Ltd. (WE) -11.01%, and SOS Limited (SOS) dropping -10.37% as the China regulators continue to reign in blockchain miners and cryptocurrency buyers and sellers. While LexinFintech Holdings (LX) slid -0.54% after Morgan Stanley analyst Richard Xu upgraded the firm's stock to Overweight from Equal Weight. Regulatory uncertainties for Chinese online lenders are reducing along with the improved credit quality on economic recovery and better household leverage containment via regulatory efforts. Sees healthy loan volume growth rising to 40%. On the other hand, three China-based lenders added more than 5% for the week, including Yiren Digital Ltd. (YRD) up 6.18%, FinVolution Group (FINV) 7.38%, 9F Inc (JFU) 7.72%, Qudian (QD) added 9.84% reported unaudited first quarter 2021 earnings results including GAAP EPADS of \$0.28 misses by \$0.01. Revenue of \$78.7M (-41.8% year-on-year) missed by \$14.67M. Total outstanding loan balance from loan book business declined by 15.1% to RMB4.1 billion as of March 31, 2021, compared to the outstanding balance the prior quarter. The transaction amount from the loan book business dropped by 8.4% to RMB4.4 billion from the fourth quarter of 2020. Last but not least X Financial (XYF) soared 19.10%, the China-based online personal finance company, released unaudited financial results for the first quarter ended March 31, 2021. Total net revenue in the first quarter of 2021 ended RMB906.3 million (US\$138.3 million), representing a growth of 71.3% from RMB529.0 million in the same period of 2020. Income from operations in the first quarter of 2021 rose RMB251.2 million (US\$38.3 million), compared with a loss from operations of RMB130.0 million in the same period of 2020.

Some of the gainers for the week, included all five of six Social networking platforms MercadoLibre Inc. (MELI) 2.47%, Square (SQ) 2.64%, Amazon.com (AMZN) 3.04%, PayPal Holdings Inc. (PYPL) 3.07%, and PagSeguro Digital Ltd. (PAGS) 3.71%.

Chart of the Week: CrowdBureau P2P Online Lending and Digital Banking Index (CBLENDT) Performance (%) for the 10 Digital Banks ending the week of June 14 - 18, 2021



Source: CrowdBureau Corporation

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