



FINANCIAL MARKET UPDATE 2/19/21



THE WEEK IN REVIEW

U.S. equity markets lost some steam from last week, as the S&P 500 and Nasdaq Composite declined 0.7% and 1.6%, respectively. The Dow Jones Industrial Average eked out a 0.1% gain, boosted by JPMorgan Chase (JPM), Caterpillar (CAT), Goldman Sachs Group (GS), Chevron (CVX) and Verizon (VZ), all of which climbed at least 3.4% on the week. Yields on the U.S. 10-year Treasury bond pushed above 1.30%, the highest level since late February 2020. Bitcoin hit another set of fresh all-time highs during the week, as the digital currency was boosted by signs of growing participation from large institutional market participants.

Crude oil prices rose early in the week as frigid temperatures shut down wells and refineries in Texas, the biggest oil-producing state in the United States. The "deep freeze" has shut down an estimated 1 billion barrels a day of production and is expected to disrupt supply chains for several weeks. The state's electric power suppliers experienced blackouts, leaving nearly 3 million homes and businesses without power across the state. Oil's steadfast rally in recent months has been supported by a tightening of global supply, due largely to production cuts from OPEC and allied producers.

On Wednesday, minutes from the Federal Reserve's January meeting showed that officials remain concerned about the rate of economic improvement and whether it is sufficient enough to warrant easing monetary stimulus any time soon. Fed policymakers reiterated their commitment to ultra-low interest rates in an attempt to boost the economy and help millions of Americans regain lost jobs. In addition, the minutes noted that certain asset prices remain elevated, however high-quality assets and stable sources of funding for potential loan losses should provide banks with enough support to manage potential downturns. The Fed continues to purchase \$80 billion in Treasury securities and \$40 billion in mortgage-backed securities each month and is scheduled to meet next in mid-March.

First-time claims for unemployment insurance totaled 861,000 for the week ending February 13, which was nearly 100,000 more than expected. The total for the week ending February 6 was upwardly revised from 793,000 to 848,000. In the housing market, January new home starts declined 6%, but building permits increased 10.4% compared to December, easily surpassing expectations. U.S. retail sales surged 5.3% in January after declining 1.0% in December. Checks related to the congressional stimulus package passed in late December may have helped ignite household demand following a weak fourth quarter.

ECONOMIC INDICATOR	LATEST	3MO PRIOR	CHANGE
Retail Sales (M/M)	5.3%	-0.1%	▲
Housing Starts (Millions Annualized)	1.58	1.53	▲
Building Permits (Millions Annualized)	1.88	1.54	▲
Existing Home Sales (Millions Annualized)	6.69	6.73	▼

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	31494.32	0.11%	2.90%	7.31%
NASDAQ	13874.47	-1.57%	7.65%	41.33%
S&P 500	3906.71	-0.71%	4.01%	15.37%
MSCI EAFE	2222.06	-0.25%	3.47%	10.09%
Bbg Barclays Aggregate US	2356.34	-0.26%	-1.49%	3.83%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	0.02%	0.07%	1.57%
10-Year Treasury	1.34%	1.09%	1.57%

REPORTS DUE NEXT WEEK	LATEST
Conf. Board Consumer Confidence	89.3
New Home Sales (Thousands Annualized)	842
Core PCE Price Index (Y/Y)	1.5%
Personal Income (Y/Y)	4.1%

Price returns as of the last available closing data. Source data: Bloomberg and Morningstar are believed to be correct but not verified.

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