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FINANCIAL MARKET UPDATE
4/1/21

THE WEEK IN REVIEW

The S&P 500 closed above 4,000 for the first time ever to end a holiday-shortened week that began on shaky footing but closed on a high note led by shares of technology and consumer discretionary companies. Yields on the U.S. 10-year Treasury note pulled back after touching a 14-month high of 1.77% in early Tuesday trading. Intermediate-term and long-term U.S. government bond yields rose sharply in the first quarter amid improvements in the domestic COVID-19 vaccination campaign and heightened expectations for an unusually strong economic recovery. Over the weekend and heading into Monday, lingering concerns about rising bond yields, a giant container ship wedged in the Suez Canal and the financial fallout from the forced liquidation of the hedge fund Archegos dampened enthusiasm.

As the week progressed, the market environment improved following encouraging U.S. economic data and what appears to be initial optimism surrounding President Biden's freshly unveiled $2.25 trillion spending plan. The Biden Administration's initial proposal is best described as a wide-ranging spending package aimed at traditional infrastructure, national broadband access, worker training programs and affordable housing. The plan would be at least partially funded over the course of 15 years by a proposed hike in the marginal U.S. corporate tax rate from 21% to 28%. Today, Senate Minority Leader Mitch McConnell told reporters that the Republican caucus would not support Biden's plan in its current form.

Consumer confidence reached the highest level in a year driven by an increasing number of Americans expressing improved short-term outlooks for the labor market and broader economy. The Institute for Supply Management (ISM) reported that its index of national factory activity based on a survey of purchasing managers surged to 64.7 in March to reach its highest level since December 1983. Although manufacturing accounts for only roughly 12% of U.S. GDP, it is a closely watched area of the economy due to its inherent cyclicality. Payroll processing firm ADP reported that private payrolls expanded in March at the fastest pace since September 2020 with companies adding 517,000 workers for the month. Investors await the critical March jobs report on Friday to assess the state of the labor market recovery. The median estimate in a Bloomberg survey of 71 economists is for 650,000 jobs to have been added to U.S. payrolls in March, and for the unemployment rate to have declined from 6.2% to 6.0%.

ECONOMIC INDICATOR	LATEST	3MO PRIOR	CHANGE
Conf. Board Consumer Confidence	109.7	87.1	▲
ISM Manufacturing	64.7	60.5	▲
S&P CoreLogic Case-Shiller U.S. HPI (Y/Y)	11.2%	8.4%	▲

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	33153.21	0.24%	8.32%	58.30%
NASDAQ	13480.11	2.60%	4.59%	83.14%
S&P 500	4019.87	1.14%	7.02%	62.71%
MSCI EAFE	2208.32	-0.43%	2.83%	45.46%
Bbg Barclays Aggregate US	2311.35	-0.10%	-3.37%	0.60%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	0.01%	0.03%	0.04%
10-Year Treasury	1.68%	1.42%	0.58%

REPORTS DUE NEXT WEEK	LATEST
ISM Non-Manufacturing	55.3
Durable Goods Orders	-1.1%
JOLTS Job Openings (Millions)	6.9
Producer Price Index (Y/Y)	2.8%

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