



THE WEEK IN REVIEW

U.S. equity indexes pushed higher this week as investors digested strong economic data, the Federal Reserve's commitment to accommodative policy, and President Biden's \$2.25 trillion American Jobs Plan. The Dow Jones, S&P 500, and Nasdaq Composite closed the week up 1.95%, 2.71% and 3.12%, respectively. U.S. Treasury yields moved modestly lower, helping the S&P 500 technology and consumer discretionary sectors emerge as the top-performing groups within the index.

Minutes from the Federal Reserve's March 16-17 meeting revealed that easy monetary policy will remain in place until the U.S. economy experiences stronger levels of employment and year-over-year inflation above 2.0% for an extended period. Fed officials remarked that although the economy is gaining momentum, they need to see further progress before making any changes to current policy. Federal Reserve Chairman Jerome Powell stated on Thursday his view that the current economic recovery remains uneven and incomplete. The policy-setting committee raised its outlook for GDP growth in 2021 from 4.2% in December to their current outlook of 6.5%. Also on Thursday, President Biden discussed his multi-trillion dollar infrastructure-focused plan which includes a corporate tax rate increase from 21% to 28%, noting that he is willing to negotiate on the tax increase.

The Institute for Supply Management (ISM) Services Index for March notched a record high reading of 63.7, well above the median consensus estimate of 59.0. This reading follows a reading of 55.3 in February, as progress in coronavirus vaccinations drove historically strong new orders. Following suit, the IHS Markit U.S. Services Purchasing Managers Index reading climbed from 59.8 in February to 60.4 in March. Taken together, these data releases suggest strength in consumer spending on services in coming months. Domestic factory orders contracted 0.8% in February after growing 2.7% in January. Economists point toward record low temperatures that ran through the southern United States as a main catalyst for the decline. On Tuesday, the Department of Labor released the February Job Openings and Labor Turnover Survey (JOLTS) numbers which showed 7.4 million open positions across the country. This marked a record high and was a 4.9% increase from January. Although the labor market has shown recent strength, initial jobless claims rose to 744,000 for the week ended April 3, the second straight weekly increase. U.S. producer prices climbed in March by 1.0% and have risen 4.2% on a year-over-year basis, the largest increase since 2011. Some market commentators pointed to this data as initial evidence of building inflationary pressures.

ECONOMIC INDICATOR	LATEST	3MO PRIOR	CHANGE
ISM Non-Manufacturing	63.7	57.7	▲
JOLTS Job Openings (Millions)	7.37	6.77	▲
Producer Price Index (Y/Y)	4.2%	0.8%	▲

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	33800.60	1.95%	10.44%	42.50%
NASDAQ	13900.19	3.12%	7.85%	70.48%
S&P 500	4128.80	2.71%	9.92%	47.87%
MSCI EAFE	2262.69	1.76%	5.36%	40.81%
Bbg Barclays Aggregate US	2325.33	0.51%	-2.79%	0.48%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	0.00%	0.03%	0.19%
10-Year Treasury	1.66%	1.53%	0.72%

REPORTS DUE NEXT WEEK	LATEST
NFIB Small Business Optimism	95.8
Consumer Price Index (Y/Y)	1.7%
Retail Sales (M/M)	-3.0%
U. of Mich. Consumer Sentiment	84.9

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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