



THE WEEK IN REVIEW

The relatively flat performance of the S&P 500 this week belied a significant amount of market moving headlines that investors had to digest. Surprisingly strong consumer confidence, personal spending and personal income data released this week suggested an increasingly improved demand backdrop. Meanwhile, the initial reading of first quarter U.S. gross domestic product (GDP) indicated the second-highest level of quarterly growth since 2003. On the monetary policy front, minutes from the Federal Open Market Committee's April meeting reinforced that policymakers are not yet thinking about tapering asset purchases. At a Wednesday press conference, Chairman Powell noted the economic recovery was progressing well and that bouts of rising inflation in 2021 should be transitory. On Wednesday night before a joint session of Congress, President Biden proposed an additional \$1.8 trillion spending package dubbed The American Families Plan. Finally, amid the busiest week of earnings season, several technology-oriented companies released record-breaking first quarter results including Amazon (AMZN), Apple (AAPL) and Alphabet (GOOGL). According to Bloomberg data, of 301 S&P 500 companies that have reported earnings thus far, 87% have exceeded expectations. In a possible sign of market consolidation, all three major equity averages were either flat or slightly lower this week despite generally positive economic data and corporate results.

Domestic economic activity surged to start the year, as widespread vaccinations combined with additional government spending helped the U.S. economy move closer to its pre-pandemic size. According to the Commerce Department, GDP jumped 6.4% for the first quarter on an annualized basis. Consumers, who account for over two-thirds of the economy, accelerated spending by 10.7%, compared with a 2.3% increase in the previous period. Their purchases were largely focused on goods, which increased nearly 24%, while spending on services still grew by 4.6%.

U.S. consumer spending rose at the fastest pace in nine months while incomes soared in March by a record amount. Consumer spending rose 4.2% last month, according to the Commerce Department, the best showing since a 6.5% spending increase in June. Incomes also surged by a record-breaking 21.1% in March after declining 7.0% in February. The big gain reflected delivery of billions of dollars in relief payments from the \$1.9 trillion support package President Biden pushed through Congress last month. There could be continued strength ahead as U.S. consumer confidence jumped to a 14-month high in April to a reading of 121.7. This reading from the Conference Board marked the highest level since February 2020.

ECONOMIC INDICATOR	LATEST	3MO PRIOR	CHANGE
GDP (Q/Q Annualized)	6.4%	4.3%	▲
Conf. Board Consumer Confidence	121.7	89	▲
U. of Mich. Consumer Sentiment	88.3	79.0	▲
Personal Income (M/M)	21.1%	0.5%	▲

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	33874.85	-0.50%	10.68%	39.14%
NASDAQ	13962.68	-0.39%	8.34%	57.07%
S&P 500	4181.17	0.02%	11.32%	43.56%
MSCI EAFE	2291.95	0.18%	6.72%	38.26%
Bbg Barclays Aggregate US	2327.36	-0.28%	-2.70%	-0.36%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	0.01%	0.01%	0.08%
10-Year Treasury	1.62%	1.70%	0.64%

REPORTS DUE NEXT WEEK	LATEST
Unemployment Rate	6.0%
Non-Farm Payrolls (Thousands)	916
Average Hourly Earnings (Y/Y)	4.2%
ISM Manufacturing	64.7
ISM Non-Manufacturing	63.7

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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