

THE CAPITAL MARKETS

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The Dow Jones Industrial Average (DJIA) finished March at 32,982, up +6.62% for the month, and +7.76% year-to-date. The S&P 500 closed March at 3,973, up +4.24% for the month, and +5.77% so far for the year. The NASDAQ Composite gained +0.41% in March, up +2.78% for the year. Small-company stocks as measured by the Russell 2000, ended March up +0.88% for the month, +12.44% year-to-date. Energy (+32.18%) was the best performing sector in the first quarter.

"A faster-than-anticipated vaccine rollout and stimulus spending from President Biden's \$1.9 trillion coronavirus relief bill have also helped propel the stock market to new highs."

(The Wall Street Journal, U.S. Stocks Climb to Records on Signs of an Economic Rebound, Caitlin Ostroff, April 5, 2021)

First Quarter Review - Vaccines and Stimulus Optimism Push Markets to All-Time Highs

With an accelerating vaccine timeline in the U.S., a coronavirus relief bill passed by Congress, and plans for additional infrastructure spending being discussed, markets in the U.S. surged in March and are at all-time highs at the time of this writing. With over 3 million doses being administered each day and supply continuing to increase, many expect that most Americans who want a vaccine will be eligible for an appointment by the end of this month. While many unknowns still exist, including worrisome variants and mutations of the virus being observed around the world, markets are optimistic that the U.S. economy will recover strongly in 2021, and may even run hot in the near term. The 5-year inflation break-even, a measure of the bond market's expectations for inflation, hit a decade high of 2.5% in March. The yield on the 10-year treasury also reached above 1.7% for the first time since the pandemic began, reflecting the markets expectations for future growth and rising interest rates ahead.

As we entered 2021, much remained uncertain around the pace and success of the vaccine roll-out, the trajectory of a winter surge of Covid-19, and the fate of proposed coronavirus relief spending in Congress. Through the first quarter, better than expected outcomes were observed around these and other issues, and expectations for economic growth and corporate profitability have increased sharply since the quarter began. With many signs of broad optimism increasing, investors are encouraged to remember that markets are forward-looking, and much of the good news and anticipated good news to come, has already been priced into markets at current levels. At historically high valuations, only a modest amount of unexpected negative news may cause markets to correct and volatility to pick up. Many experts agree that grave uncertainties remain around COVID-19, and that we're very much not in the clear yet. With many investors having experienced strong gains in the short term, we're encouraging committees to evaluate cash levels and to consider replenishing reserves for any near term spending. Volatility may increase in the near-term, and in many cases, could be a healthy response to current price levels.

"Some investors are cautioning that the pace of Covid-19 vaccinations and rising infection levels in some parts of the world may hobble the global recovery. Fed Chairman Jerome Powell on Thursday also said the sluggish pace of the vaccine-rollout outside the U.S. is a key threat to the outlook. 'We're going from this period where we're going 'whoa, everything is getting better' and we've forgotten there will be bumps along the road,' said Lars Skovgaard Andersen, investment strategist at Danske Wealth Management. 'We are in for a time when we have much higher volatility.'"

(The Wall Street Journal, S&P 500 on Track for Third Straight Week of Gains, Caitlin Ostroff, April 9, 2021)

Hiring Surges in March

U.S. employers added 916,000 jobs in March, much better than the expected 675,000, as the unemployment rate ticked down to 6.0%. While the labor force participation rate improved modestly to 61.5%, it's still well below the 63.3% participation rate seen in February of 2020. There are still 7.9 million fewer Americans employed, and 3.9 million fewer workers in the labor force, than before the pandemic began. Hiring did, however, manage to pick up in March and in previously hard hit sectors such as leisure and hospitality and the government sector, which includes school teachers and staff. While hiring is expected to remain strong through 2021, much depends on the trajectory of the pandemic, and on increasing re-openings across the country as vaccinations increase and domestic travel and tourism resume. As has been the case for over a year, containing the virus remains a critical economic factor, as the pandemic remains the biggest threat to ongoing reopening and recovery.

Market Metrics

INDEX OR METRIC	CLOSE AS OF 02/28/2021	CLOSE AS OF 03/31/2021	CHANGE PREVIOUS MONTH END	2021 YTD % CHANGE
Dow Jones Industrial Average	30,932.37	32,981.55	+2,049.18	+7.76%
S&P 500	3,811.15	3,972.89	+161.74	+5.77%
NASDAQ Composite	13,192.34	13,246.87	+54.53	+2.78%
RUSSELL 2000	2,201.05	2,220.52	+19.47	+12.44%
Fed Funds Rate	0.00%-0.25%	0.00%-0.25%	UNCHANGED	
2-Year Treasury	0.14%	0.16%	+0.02%	
10-Year Treasury	1.44%	1.74%	+0.30%	
Crude Oil \$ per Barrel	\$61.50	\$59.16	-\$2.34	+21.93%
Gold \$ per Troy oz.	\$1,728.80	\$1,715.60	-\$13.20	-9.47%
UK Point in U.S. \$	\$1.3981US = 1£	\$1.3797US = 1£	\$ STRONGER	+0.93%
Euro in U.S. \$	\$1.2138US = 1€	\$1.1753US = 1€	\$ STRONGER	-3.94%
Canada \$ per U.S. \$	\$1.266C = \$1.00US	\$1.2568C = \$1.00US	\$ WEAKER	-1.35%
Japan Yen per U.S. \$	106.54¥ = \$1.00US	110.50¥ = \$1.00US	\$ STRONGER	+7.03%