

# WEEKLY UPDATE

APRIL 19, 2021

CARY STREET  
PARTNERS

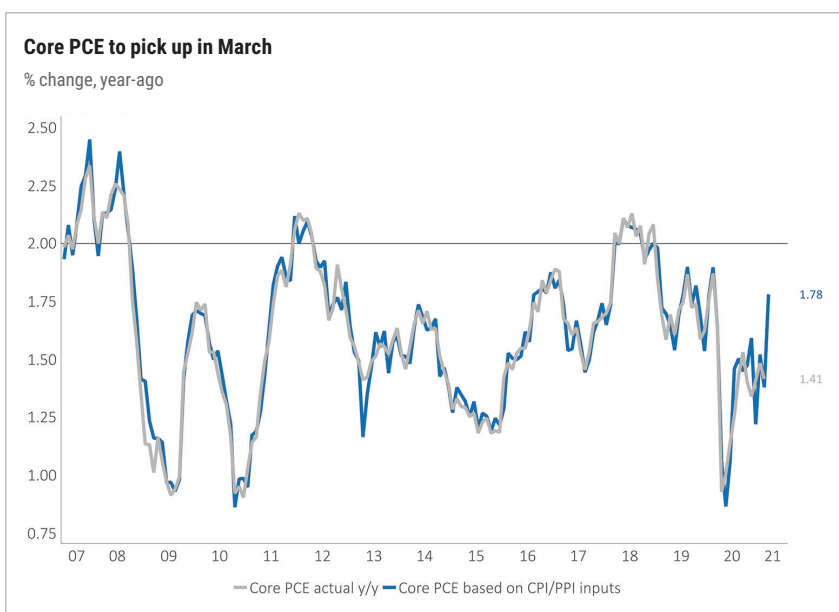
## MARKET UPDATE AND COMMENTS

Equity prices powered higher last week. The S&P 500 Index picked up 1.39%<sup>1</sup> on the week. Growth strategies, heavy on technology, were in the leadership, although there was broad participation as the cyclical side of the market had a good week also. The 10-year Treasury yield moved lower, finishing the week at 1.57%, as buyers finally came into the bond market. A consolidation in long-term rates is a welcome respite, following the very rapid move up in rates during the first quarter. A slower pace of yield steepening is beneficial to stocks.

Equities continue to look overbought short term, although that condition can resolve very quickly with a short period of weakness or consolidation. Sentiment is also looking a little frothy. Intermediate and longer-term conditions are still favorable as liquidity remains massive and credit stress absent. Earnings are also likely to play a role over the next few weeks as reporting season began last week with a string of strong reports from the financial sector.

## ECONOMIC NEWS

The US economy is beginning to rip to the upside, driven by vaccinations. China is also reporting very strong growth figures. Europe will see strength, likely during summer, as their vaccine rollout inevitably catches up. Global cyclicals are beneficiaries of this timeline; many of these companies are found in the emerging economies of Southeast Asia.



Source: Renaissance Macro Research, Macrobond

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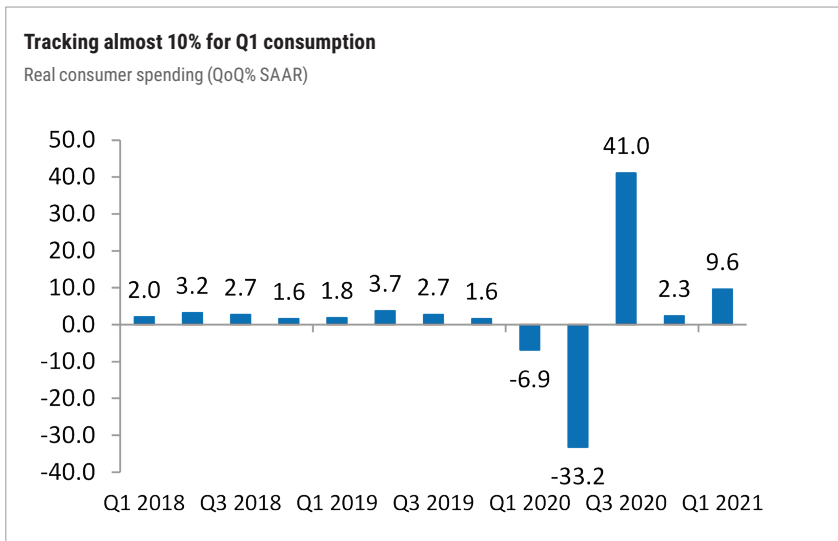
## WEEKLY BENCHMARKS

GROUP/INVESTMENT	YTD Return (Cumulative)
	<b>4.16.2020</b>
<b>US EQUITY RETURNS</b>	
SPDR® S&P 500 ETF TRUST	11.89
ISHARES DOW JONES US ETF	11.82
ISHARES RUSSELL 1000 ETF	11.70
ISHARES RUSSELL 1000 VALUE ETF	15.05
ISHARES RUSSELL 1000 GROWTH ETF	8.56
ISHARES RUSSELL 2000 ETF	14.81
<b>GLOBAL EQUITY RETURNS</b>	
ISHARES MSCI ACWI EX US ETF	7.27
ISHARES MSCI ACWI ETF	9.54
<b>US FIXED INCOME RETURNS</b>	
ISHARES SHORT TREASURY BOND ETF	0.00
ISHARES CORE US AGGREGATE BOND ETF	-2.59
ISHARES TIPS BOND ETF	-0.77
ISHARES IBOX \$ INVMT GRADE CORP BD ETF	-4.37
ISHARES IBOX \$ HIGH YIELD CORP BD ETF	1.50
ISHARES MBS ETF	-0.69
<b>GLOBAL FIXED INCOME BENCHMARKS</b>	
ISHARES CORE GLOBAL AGGT BD ETF USD DIST	-3.32
<b>US FIXED INCOME MUNI RETURNS</b>	
ISHARES NATIONAL MUNI BOND ETF	0.37
<b>REAL ASSETS</b>	
ISHARES GOLD TRUST	-6.24
SPDR® DOW JONES GLOBAL REAL ESTATE ETF	11.57

Source: Morningstar

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Last week saw very strong retail sales reported at a figure well above expectations. We are a year out from the economic bottom, yet consensus forecasters keep underestimating the strength of the U.S. economy. High frequency tracking from the Atlanta Fed is now at 8.3% for Q1 GDP, well beyond estimates. Bloomberg's Eco Surprise Index has been above zero since the onset of the pandemic. This means that consensus economists both overestimated the magnitude of decline and missed the strength of the rebound.

Inflation will be the dynamic to watch in the second half of the year. Supply bottlenecks in labor and products pushing prices up is the challenge. There's not a lot of breathing room between easing of the supply chain and the inflation push from normalizing labor markets.

Source: Renaissance Macro Research, Haver Analytics

<sup>1</sup> MarketWatch

**Past performance is no guarantee of future results.**

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