

# WEEKLY UPDATE

MAY 3, 2021

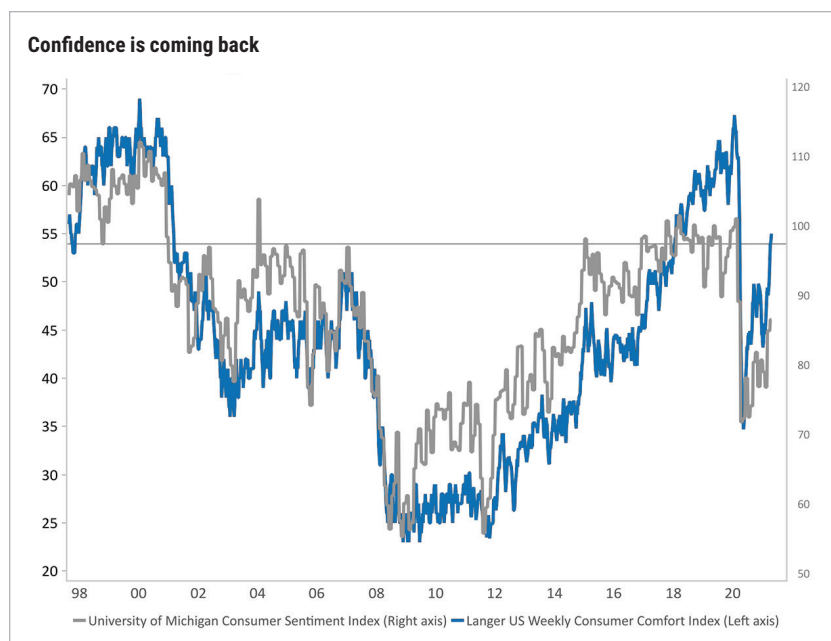
CARY STREET  
PARTNERS

## MARKET UPDATE AND COMMENTS

Equity markets moved sideways last week as the S&P 500 Index picked up .02%.<sup>1</sup> The week saw strong Q1 earnings reports from market heavyweights, including Apple, Facebook, Google, Microsoft and Amazon. While markets have moved up marginally, reaction to earnings news over the last two weeks has been muted. Some short-term overbought conditions have burned off, and the market has essentially consolidated, but not pulled back. Tactically important longer-term drivers of stocks – particularly liquidity and credit conditions, remain favorable. Any shift in the credit dynamic is an important signal for significant stock market problems. Momentum is still behind the uptrend with a very low percentage of stocks making 65-day lows, typically a bullish signal for returns three months out.

## ECONOMIC NEWS

There was quite a bit of economic news last week. First, from the two-day Federal Reserve meeting and the accompanying press conference held by Chairman Jay Powell on Wednesday. Focus on the Fed is around coming inflation data and the potential that the Fed will begin to taper its monthly purchases of bonds, the first steps toward tightening. Consensus is that tapering is a Q4 event but listening to Jay Powell we draw the conclusion that this is likely too soon. He spoke at length about inflation, with an expectation of strong



Source: Renaissance Macro Research, Macrobond

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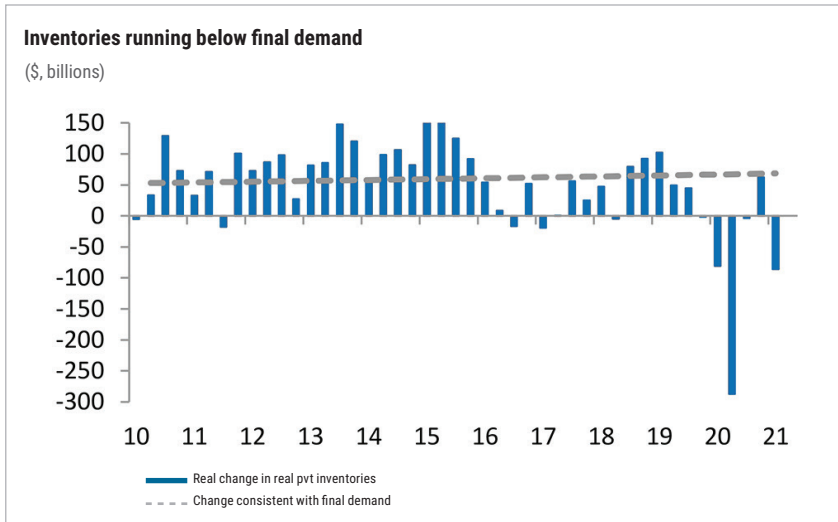
## WEEKLY BENCHMARKS

GROUP/INVESTMENT	YTD Return (Cumulative) 4.30.2020
<b>US EQUITY RETURNS</b>	
SPDR® S&P 500 ETF TRUST	11.80
ISHARES DOW JONES US ETF	11.70
ISHARES RUSSELL 1000 ETF	11.57
ISHARES RUSSELL 1000 VALUE ETF	15.62
ISHARES RUSSELL 1000 GROWTH ETF	7.76
ISHARES RUSSELL 2000 ETF	15.01
<b>GLOBAL EQUITY RETURNS</b>	
ISHARES MSCI ACWI EX US ETF	6.48
ISHARES MSCI ACWI ETF	9.11
<b>US FIXED INCOME RETURNS</b>	
ISHARES SHORT TREASURY BOND ETF	0.00
ISHARES CORE US AGGREGATE BOND ETF	-2.63
ISHARES TIPS BOND ETF	-0.33
ISHARES IBOXX \$ INVMT GRADE CORP BD ETF	-4.49
ISHARES IBOXX \$ HIGH YIELD CORP BD ETF	1.60
ISHARES MBS ETF	-0.63
<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	0.27
<b>REAL ASSETS</b>	
ISHARES GOLD TRUST	-6.60
SPDR® DOW JONES GLOBAL REAL ESTATE ETF	13.66

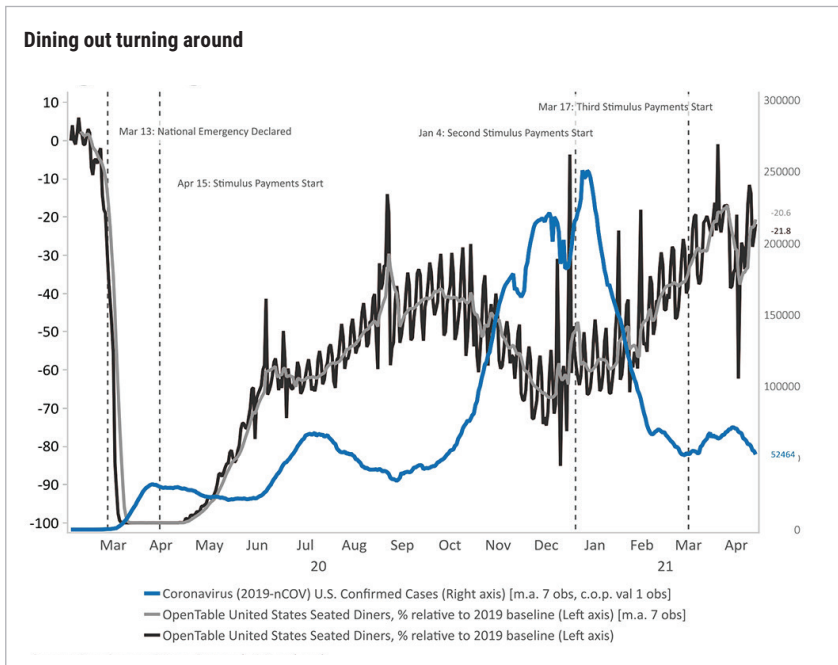
Source: Morningstar

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Source: Renaissance Macro Research, Haver Analytics



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numbers over the coming months driven by base effects. This refers to the year-over-year comparisons that will certainly show higher inflation as the comparable months last year were deflationary numbers. March has already come in along these lines. Chair Powell also spoke about supply chain and re-opening effects being one-time events. This is where the rubber meets the road on longer-term inflation issues. Drawing a conclusion from Chair Powell's remarks would indicate continued liquidity that is supportive of stocks, a weaker dollar and upward pressure on the long end of yields.

In addition to all of the Fed speak, the initial Q1 GDP estimate was released on Thursday. While the initial number came in short of estimates, the report was quite solid at a 6.4% annual rate of growth. The most important takeaway from this report is the volatile inventory component. Inventory drawdowns shaved almost three points off the total. As inventories catch up to final demand, and those inventories are rebuilt, this contributes to the opposite effect in larger quarterly numbers for the remainder of the year. Longer-term yields reacted to the week's news with the benchmark 10-year Treasury moving higher to finish at 1.626%.

<sup>1</sup> MarketWatch

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

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