

## Beacon Weekly Investment Insights

Last week marked the 1 year anniversary of the equity market lows created by the economic shutdown due to the COVID 19 global pandemic. On Friday, both the Dow Jones Industrial Average and S&P 500 reached new highs as investors continue to focus on the reopening of global economies. For the week, the Dow rose 1.4%, the S&P rose 1.6%, while the NASDAQ Composite fell 0.6%. The more economically sensitive Russell 2000 small cap index fell 2.9%, but still remains up a strong 12.5% for the year.

While we still remain quite positive as long term investors, economic data will continue to be subject to some short term setbacks like we saw during the week. Retail sales fell more than expected in February, however bad weather across a large swath of the country played a significant role. With the new round of stimulus checks rolling out to American families over the next few weeks, we are likely to see March sales data be stronger. Personal incomes were also down for the month, but again we expect a reversal next month. Weather also most likely contributed to the decline in durable goods orders. On the positive side, weekly jobless claims finally fell below the 700,000 for the first time in a year. Consumer sentiment also remains relatively high as we progress towards re-opening.

Federal Reserve Chairman Jay Powell and Treasury Secretary Janet Yellen testified last week (virtually) in front of members of Congress. Both continue to agree that the rise in US Treasury yields reflect the growing optimism about the US economy and the rise has been “orderly”. They are not concerned at this time that inflationary pressures are threatening the recovery and are more transitory in nature. Chairman Powell indicated that the Fed will not raise short term rates until the economy reaches maximum employment and inflation averages its 2% target for a sustained period of time.

Of global interest, a 1,300 foot container ship operated by Taiwan based company Evergreen, the Ever Given ran aground in the Suez Canal, blocking passage of the entire canal. This is important as the canal is a major global passageway for container ships. As of the weekend, over 360 ships were backlogged waiting to get through the canal, while some rerouted down the coast of Africa and around the Cape of Good Hope, adding about 2 weeks to their destination and hundreds of thousands of dollars in cost. The ship was eventually freed this morning.

Finally, over the weekend news came out of a large family office, Archegos Capital Management, was forced to liquidate positions such as ViacomCBS and Discovery Inc., both of which had sharp declines on Friday, to meet margin requirements. Banks reported to be most affected were Nomura Holdings and Credit Suisse. We will continue to monitor this, but at this point it seems to be an isolated incident as opposed to a systematic one.

This week marks the end of the first quarter so we may experience some extra volatility around rebalancing or asset allocation trading. It will be somewhat quiet for economic releases, but a few we will focus on will be the Conference Board Consumer Confidence index, pending home sales data, and the ISM Manufacturing Index. On Thursday, we would hope to see further declines in weekly jobless claims and we will end the week with the March Employment report. Consensus is for a strong report, with job creation in the 650,000 range with the unemployment rate ticking down to 6.0%. Equity markets will be closed on Friday in observance of Good Friday.

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<b>Market Scorecard:</b>	<b>3/26/2021</b>	<b>YTD Price Change</b>
Dow Jones Industrial Average	33,072.88	8.06%
S&P 500 Index	3,974.54	5.82%
NASDAQ Composite	13,138.72	1.94%
Russell 1000 Growth Index	2,429.03	0.05%
Russell 1000 Value Index	1,504.22	11.45%
Russell 2000 Small Cap Index	2,221.08	12.49%
MSCI EAFE Index	2,194.08	2.17%
US 10 Year Treasury Yield	1.676%	76 basis points
WTI Crude Oil	\$60.97	25.66%
Gold \$/Oz.	\$1,732.52	(8.48%)

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