

Monthly Market Recap

MONTH ENDED

MARCH 2021

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Global stock performance was generally strong in March. Global developed market stock indexes were up led by the more cyclically oriented Dow Jones Industrial Average which rallied on expectations for an even stronger economic rebound in 2021 given the current pace of COVID-19 vaccinations, the signing of a \$1.9 trillion stimulus bill and expectations for a \$2.3 trillion infrastructure bill before year-end. Emerging market stocks ended the month down, led by Chinese stocks which experienced a sharp price decline in response to the Chinese government indicating a reduction in stimulus aimed at slowing credit growth and a warning to investors that Chinese stocks are in bubble territory.

Bond investors echoed expectations for a strong economic rebound, driving the yield on the U.S. 10-year Treasury note higher in March to end the month at 1.74%, and as a result

bond prices fell. Fed Chairman Jerome Powell did little to alleviate inflation concerns, restating the willingness of policymakers to see inflation exceed 2% and that the Fed was not focused on any new programs to keep rates low.

Looking ahead to first quarter earnings, FactSet reports that analysts are estimating a 23.8% increase in year-over-year earnings per share (EPS) for companies in the S&P 500® Index. This would be the largest year-over-year increase since the third quarter of 2018. Rising stock prices are keeping valuations elevated despite a sharp rise in corporate earnings expectations. The forward 12-month price-to-earnings ratio is currently 22.1, well above both the 5-year, 17.8, and 10-year, 15.9, averages. Analysts expect 2021 earnings to experience a strong reversal with EPS estimated to increase by 25.9% for the year.

REPORTS, SPEECHES AND MARKET MOVERS:

- Japan Household Spending (Mon)
- U.S. Job Openings and Labor Turnover Survey (Tues)
- U.S. International Trade in Goods and Services (Wed)
- U.S. Federal Reserve Open Market Committee Minutes (Wed)
- U.S. Jobless Claims (Thurs)
- China Consumer Price Index (CPI) (Thurs)
- U.S. Producer Price Index (PPI) (Fri)

INDEX RETURNS

Index Returns are as of 3/31/2021	Level	1 Month	QTD	YTD	1 Year	3 Year
S&P 500	3,974	4.38%	6.18%	6.18%	56.35%	16.78%
Dow Jones Industrial Average	32,997	6.78%	8.29%	8.29%	53.78%	13.61%
NASDAQ Composite	13,250	0.48%	2.95%	2.95%	73.40%	24.54%
Russell 2000	2,222	1.00%	12.70%	12.70%	94.85%	14.76%
MSCI EAFE	2,208	2.30%	3.48%	3.48%	44.57%	6.02%
MSCI Emerging Markets	1,316	-1.51%	2.29%	2.29%	58.39%	6.48%
BBG Barclays U.S. Agg. Bond	2,311	-1.25%	-3.37%	-3.37%	0.71%	4.65%
BBG Barclays U.S. Corporate High Yield	2,358	0.15%	0.85%	0.85%	23.72%	6.84%

Source: Morningstar DirectSM

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(1) Price-weighted average of 30 actively traded Blue Chip stocks, primarily industrials, but also including other service-oriented firms; may be used as a benchmark for large cap stocks. (2) Widely recognized, unmanaged index representative of common stocks of larger capitalized U.S. companies. (3) Broad-based index of over 5000 companies, which measure all domestic, and non-U.S. based common stocks listed on the NASDAQ Stock Market, Inc. (4) Unmanaged index representing the performance of small-cap U.S. stocks. (5) Unmanaged index consisting of approximately 1,200 stocks in developed market countries outside of North and South America and represents approximately 85 percent of the total market capitalization in those countries. (6) Unmanaged index of fixed rate investment grade securities with at least one year to maturity combining the Bloomberg Barclays U.S. Treasury Bond Index, the Bloomberg Barclays U.S. Government-Related Bond Index, the Bloomberg Barclays U.S. Corporate Bond Index, and the Bloomberg Barclays U.S. Securitized Bond Index.

The Bloomberg Barclays U.S. Aggregate Bond Index is an unmanaged index of fixed-rate investment-grade securities with at least one year to maturity, combining the Bloomberg Barclays U.S. Treasury Bond Index, the Bloomberg Barclays U.S. Government-Related Bond Index, the Bloomberg Barclays U.S. Corporate Bond Index, and the Bloomberg Barclays U.S. Securitized Bond Index.

The Bloomberg Barclays U.S. Corporate High-Yield Bond Index covers the universe of fixed rate, non-investment-grade debt from corporate sectors.

The S&P 500® Index is a widely recognized, unmanaged index representative of common stocks of larger capitalized U.S. companies.

The Russell 2000 Index is a widely recognized, unmanaged index representative of common stocks of smaller capitalized U.S. companies.

The MSCI EAFE Index is a widely recognized, unmanaged index representative of equity securities in developed markets, excluding the U.S. and Canada.

The MSCI Emerging Markets (EM) Index is an unmanaged market capitalization-weighted index of equity securities of companies domiciled in various countries. The Index is designed to represent the performance of emerging stock markets throughout the world and excludes certain market segments unavailable to U.S.-based investors.

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