WEEK IN REVIEW

April 23, 2021

The Bottom Line

- The S&P 500 Index was just 0.13% away from making its fourth consecutive weekly record high. Trading was choppy during the week despite strong economic data and stellar earning results with more S&P 500 companies beating EPS estimates than average, and beating those EPS estimates by a wider margin than average.
- After rising for essentially every week in February and March, the yield on the 10-year U.S. Treasury bond has fallen for each of the three full weeks in April, going from a closing high of 1.722 on 4/2 to 1.558 on Friday 4/23. That has helped the Bloomberg Barclays US Aggregate Bond Index to gains in three of the last four weeks.

Missed it by that much…

U.S. stocks just missed making record highs for the fourth Friday in a row following a week of choppy trading. The S&P 500 rallied more than +1% on Friday after a sharp drop on Thursday on news that the Biden administration planned to nearly double capital gains taxes on high income earners. The rebound on Friday was buoyed by new highs in both the services and manufacturing Markit Purchasing Managers Indexes (PMIs) suggesting faster and broader growth in the second quarter than was already expected. The PMI data underscored strong economic activity data from the Chicago and Kansas City Fed regional economic surveys. New home sales were also very strong, as was the Conference Board's Leading Economic Index (LEI). Meanwhile, it is shaping up to be a stellar earnings season, particularly for cyclical sectors like banks and retailers. According to The Earnings Scout the new blended first quarter earnings growth estimate for the S&P 500 is +24.2% from last year. At the beginning of the year, Wall Street was only expecting +12.2% growth for the first quarter. FactSet reports that 84% of S&P 500 companies have beaten estimates so far, which would tie the highest earnings beat rate since FactSet began the data in 2008.

Digits & Did You Knows

GROWING DEMAND, LAGGING SUPPLY — Inflation, as measured by the Consumer Price Index (CPI), was up +0.62% in March 2021, the highest monthly rate recorded in the United States since June 2009 (almost 12 years ago). There have been just 6 months in the last 30 years (360 months) when monthly U.S. inflation has been greater than +0.62% (source: Bureau of Labor Statistics, BTN Research).

DO YOU HAVE ANY PEANUTS? — 1.49 million travelers went through TSA screening at U.S. airports last Thursday 4/15/21, up from just 95,085 screened passengers on 4/15/20, but still down from 2.62 million passengers on 4/15/19 (source: Transportation Security Administration, BTN Research).

Market Snapshot	Index Level	1-week Price Return	2021 Price Return
EQUITIES			
S&P 500	4,180.17	-0.13%	+11.29%
Nasdaq Composite	14,016.81	-0.25%	+8.76%
Russell 2000	2,271.86	+0.41%	+15.04%
Nikkei-225 (Japan)	29,020.63	-2.23%	+5.74%
STOXX Europe 600	439.04	-0.78%	+10.03%
RATES			
2-Year UST Note	0.16	0 bps	4 bps
10-Year UST Note	1.56	-2 bps	64 bps

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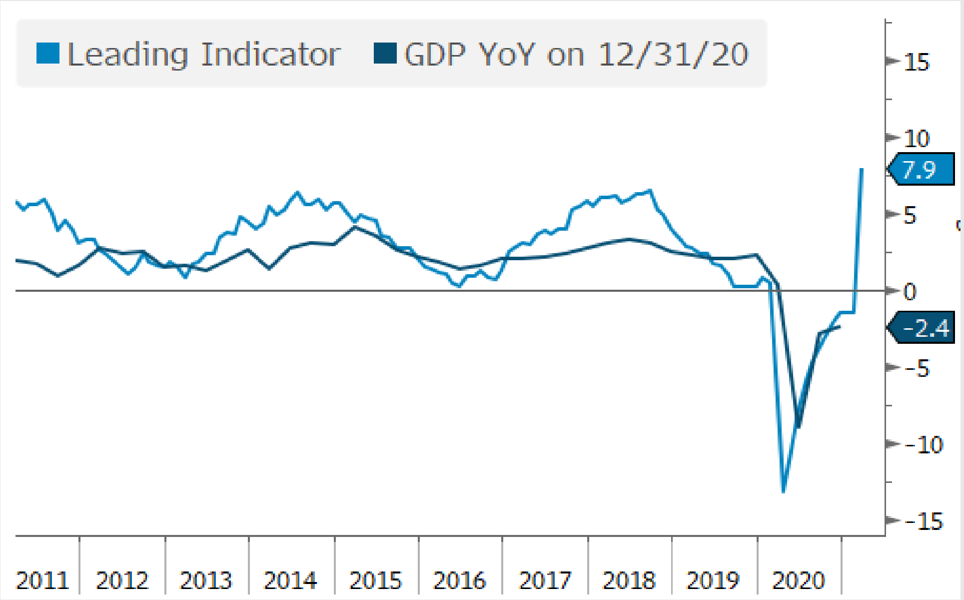
Chart of the Week

A report released by the Conference Board on Thursday showed the March **Leading Economic Index (LEI)** surged +1.3%, the most in seven months, and well above the consensus of +0.9%. Results were robust with all 10 components making positive contributions, a signal that suggests economic momentum in the near term should be sustained. The solid results were led by fewer initial jobless claims and strong ISM new orders. Over the past six months, the LEI has increased +3.8%, and most of its components have posted gains, consistent with above-trend economic growth and an improving outlook. The Conference Board projects year-over-year GDP growth could reach 6.0 percent in 2021. The LEI's +7.9% year-over-year rate of growth was the highest since July 2010

Looking Up

LEIs point to 6% 2021 GDP Growth



Source: The Conference Board, Bloomberg.

Economic Rundown

- The March **The Chicago Fed National Activity Index (CFNAI)** bounced back, rising +2.91 points in March to 1.71, its best level since July 2020. The **Kansas City Fed Manufacturing Activity Survey** served up yet another sign of manufacturing strength with both the headline number and backlogs hitting all-time highs – in fact half of the categories set records.
- For the second month in a row **Existing Home Sales** fell, dropping -3.7% in March to a 6.01 million unit annual rate, a seven-month low and below expectations of 6.03. The dearth of homes available for sale remains a primary detractor as inventory fell -28.2% from last year. Homes sold in 18 days on average, a record short time, and the median home price soared a record +17.2% from 2020.
- March **New Home Sales** rebounded strongly from the weather-induced weakness of February, jumping +20.7% to a 1.021 million unit rate, the best level since August 2006. Sales from the prior three months were revised up as well. Year-over-year new home sales surged +66.8%, the most since January 1992. The median new home price rose +5.1% from last year.
- **Initial Jobless Claims** fell -39,000 to 547,000, well below forecasts of 608,000, and a new pandemic low. **Continuing Claims** fell -34,000 to 3.674 million.

The Week Ahead

Monday	• Durable Goods Orders • Dallas Fed Manufacturing Activity
Tuesday	• FHFA House Price Index • S&P CoreLogic CS Home Price Index (HPI) • Conf. Board Consumer Confidence • Richmond Fed Manufact. Index
Wednesday	• MBA Mortgage Applications • Wholesale Inventories • FOMC Rate Decision
Thursday	• Weekly Jobless Claims • Gross Domestic Product (GDP) • Personal Consumption • Pending Home Sales
Friday	• Personal Income and Spending • U. of Michigan Consumer Sentiment

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Asset Class Performance

WEEK IN REVIEW

The Importance of Diversification. From period to period there is no certainty what investment will be the best performer… or the worst. Diversification mitigates the risk of relying on any single investment and offers a host of long-term benefits, such as lowering portfolio volatility, improving risk-adjusted returns, and helping investments to compound more effectively.

	Monday	Tuesday	Wednesday	Thursday	Friday	WEEK	
High	Real Estate 0.24	Real Estate 1.05	Small Growth 2.51	Mid Growth 0.17	Small Value 1.92	Real Estate 1.95	High
	Intl Bonds 0.19	U.S. Bonds 0.16	Small Value 2.19	U.S. Bonds 0.03	Small Growth 1.65	Small Growth 0.86	
	U.S. Bonds -0.08	High Yield Bond -0.17	Mid Value 1.48	Small Growth 0.01	Emg Markets 1.45	Intl Bonds 0.76	
	High Yield Bond -0.16	Intl Bonds -0.27	Mid Growth 1.27	Intl Bonds -0.05	Mid Growth 1.40	Mid Growth 0.67	
	Intl Equity -0.18	Large Growth -0.60	Large Value 1.12	High Yield Bond -0.18	Mid Value 1.30	Mid Value 0.54	
	60/40 Allocation -0.30	60/40 Allocation -0.67	Intl Equity 1.03	60/40 Allocation -0.31	Large Growth 1.28	Emg Markets 0.52	
	Large Value -0.34	Emg Markets -0.81	Large Growth 0.82	Intl Equity -0.33	Intl Equity 1.02	60/40 Allocation 0.19	
	Emg Markets -0.37	Mid Growth -0.90	60/40 Allocation 0.72	Emg Markets -0.35	Large Value 0.98	U.S. Bonds 0.18	
	Mid Value -0.39	Large Value -0.92	Emg Markets 0.61	Real Estate -0.41	60/40 Allocation 0.75	Large Value 0.11	
	Small Value -0.80	Mid Value -1.13	Real Estate 0.46	Mid Value -0.69	Real Estate 0.60	High Yield Bond 0.08	
	Large Growth -0.80	Small Growth -1.44	Intl Bonds 0.38	Large Value -0.72	Intl Bonds 0.52	Small Value -0.02	
	Mid Growth -1.23	Intl Equity -1.79	High Yield Bond 0.33	Small Value -0.74	High Yield Bond 0.26	Large Growth -0.18	
Low	Small Growth -1.81	Small Value -2.51	U.S. Bonds 0.10	Large Growth -0.86	U.S. Bonds -0.02	Intl Equity -0.28	Low

Source: Bloomberg. Asset-class performance is presented by using market returns from an exchange-traded fund (ETF) proxy that best represents its respective broad asset class. Returns shown are net of fund fees for and do not necessarily represent performance of specific mutual funds and/or exchange-traded funds recommended by the Prime Capital Investment Advisors. The performance of those funds may be substantially different than the performance of the broad asset classes and to proxy ETFs represented here. U.S. Bonds (iShares Core U.S. Aggregate Bond ETF); High-Yield Bond (iShares iBoxx $ High Yield Corporate Bond ETF); Intl Bonds (SPDR® Bloomberg Barclays International Corporate Bond ETF); Large Growth (iShares Russell 1000 Growth ETF); Large Value (iShares Russell 1000 Value ETF); Mid Growth (iShares Russell Mid-Cap Growth ETF); Mid Value (iShares Russell Mid-Cap Value ETF); Small Growth (iShares Russell 2000 Growth ETF); Small Value (iShares Russell 2000 Value ETF); Intl Equity (iShares MSCI EAFE ETF); Emg Markets (iShares MSCI Emerging Markets ETF); and Real Estate (iShares U.S. Real Estate ETF). The return displayed as "Allocation" is a weighted average of the ETF proxies shown as represented by: 30% U.S. Bonds, 5% International Bonds, 5% High Yield Bonds, 10% Large Growth, 10% Large Value, 4% Mid Growth, 4% Mid Value, 2% Small Growth, 2% Small Value, 31% International Stock, 7% Emerging Markets, 3% Real Estate.

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