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| **RESOURCE LOG – MARCH 2021** | | | | |
| **Article Title** | **Detail** | **Publication** | **Date** | **Author** |
|  | **Last Week:**  **DJIA** 30932.37▼561.95 1.8%  **NASDAQ** 13192.35 ▼ 4.9%  **10-YR. TREASURY ▼** 1 2/32 yield 1.459%  **OIL** $61.50 ▲$2.24 | The Wall Street Journal | 03/01/2021 |  |
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| Bonds Shake Up Stock Market’s Faith in Low Rates | February’s government-bond rout has rattled one of the foundations of the past year’s powerful stock-market rally: investor certainty that ultralow long-term interest rates are here to stay.  A wave of selling during the past two weeks drove the yield on the benchmark 10-year Treasury note, which helps set borrowing costs on everything from corporate debt to mortgages, to above 1.5%, its highest level since the pandemic began and up from 0.7% in October.  A series of Federal Reserve officials have said the climb is healthy, reflecting investors’ improving expectations for a vaccine- and stimulus-fueled economic recovery. Many portfolio managers expect rates to flatten out in coming days as yields finally reach what they see as attractive levels.  “There is a view that recovering from a pandemic looks different than from a normal recession,” said Michael de Pass, global head of U.S. Treasury trading at citadel Securities.  Traders and concerning dynamics were evident in a Treasury auction late last week. | The Wall Street Journal | 03/01/2021 | Julia-Ambra Verlaine and Sam Goldfarb |
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| Volatility Sparks Worries About Inflation | This past week, bond yields jumped and stocks fell. The trouble was that yields jumped for reasons other than economic optimism, and stocks didn’t like it.  Yes, higher yields reduce the value of companies’ longer-term profits, but a stronger economy means more of those profits in the first place.  What happened this past week seems to be rising concern that the Fed will keep its foot on the accelerator for too long – and will have to hit the economic brakes hard in the future to tamp down inflation.  Inflation expectations embedded in the Treasury market for the next five years have risen sharply this month…  It is true that the Fed can bring high inflation back under control more easily than it can push up low inflation. But if inflation gets too high, it might have to hit the economy hard to bring prices back under control, and the combination of rising rates and a weaker economy is definitely bad for stocks. | The Wall Street Journal | 03/01/2021 | James Mackintosh |
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| Inflation Risk: Little Now, But Some See Danger Ahead | Inflation is near a decade low and well below the 2% level the Federal Reserve targets as ideal.  In the near term, plentiful unused capacity and decades of habits are likely to keep inflation low. After years of undershooting 2%, the Fed would like inflation to slightly overshoot. That, it hopes, would banish the specter of deflation and stagnation that has haunted advanced economies for a decade.  But in the longer term, some economists and investors see a shifting political climate more conducive to inflation rising well past 2%. They argue the Fed’s pursuit of voer-2% inflation, Mr. Biden’s $1.9 trillion stimulus plan and new goals such as narrowing racial economic disparities reduce the priority that policy makers will place on inflation.  Temporary effects from the pandemic likely won’t influence where inflation is heading, because inflation is typically driven by how much room the economy has to grow. Right now, idle businesses and unemployed workers, as well as inflation expectations, which determine price and wage setting behavior, suggest inflation will be subdued.  For most of the past 25 years, inflation has run close to or below 2%, even when GDP was above potential and unemployment below its natural rate. | The Wall Street Journal | 03/02/2021 | Greg Ip |
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| S&P Posts Best Day in 9 Months  *Dow, Nasdaq gain, too, as yields retreat, easing investor fears about bond selloff* | The broad stock market index soared 90.67 points, or 2.4%, to 3901.82, its biggest one-session rise in percentage terms since June 5.  The Dow Jones Industrial Average climbed 603.14 points, or 1.9%, to 31535.51, while the technology-heavy Nasdaq composite jumped 396.48 points, or 3%, to 13588.83.  Monday’s advance came as the yield on 10-year Treasury notes, the benchmark borrowing cost in U.S. debt markets, slipped to 1.444%...  Even with Monday’s gains, the Nasdaq is down 3.6% from its record close of Feb. 12. | The Wall Street Journal | 03/02/2021 | Alexander Osipovich and Joe Wallace |
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| Battle for Renewable Assets Heats Up | A battle for clean-energy assets is brewing between green-minded oil giants and the utility companies that dominate the fast-growing business.  Oil and gas shares have fallen amid growing uncertainty about petroleum’s future profitability. Renewables are an obvious opportunity: Demand for clean power is expected to boom as economies decarbonize and transport and industry electrify. | The Wall Street Journal | 03/03/2021 | Rochelle Toplensky |
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| What’s News | ♦ The Nasdaq slid 2.7%, while the S&P 500 and Dow lost 1.3% and 0.4%, respectively. Government bond yields ticked higher. | The Wall Street Journal | 03/04/2021 |  |
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| Rate Fears Take Down Tech Stocks  *Nasdaq drops 2.7% after yields on g government bonds move higher* | Technology stocks dropped sharply again as government-bond yields ticked higher.  Some money managers have grown concerned that stimulus measures will lead to an increase in inflation. Worries about inflation also have triggered bets that the Federal Reserve will start to raise interest rates in the next two years.  “It’s general nervousness about the rise in interest rates,” said Tom martin, senior portfolio manager at Globalt investments, of the volatile market. “Clearly today we’re back at favoring value over growth and that makes sense in the context of today’s change in interest rates.”  The Nasdaq Composite lost 361.04 points, or 2.7%, to 12997.75, falling for a second consecutive day. The tech-heavy index has slumped 7.8% from tis Feb. 12 peak.  The S&P 500 dropped 50.57 points, or 1.3%, to 3819.72. The Dow Jones Industrial Average fell 121.43 points, or 0.4%, to 31270.09.  The yield on the 10-year U.S. Treasury note rose to 1.469% from 1.413% Tuesday-though off from last Thursday’s high of 1.513%. Yields rise when bond prices fall. | The Wall Street Journal | 03/04/2021 | Will Horner and Amber Burton |
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| What’s News | ♦ OPEC and a Russia-led coalition of oil producers kept most of their production cuts in place, surprising traders and sending oil prices up sharply. | The Wall Street Journal | 03/05/2021 |  |
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| Powell Pledges Steady Policy As Yields Rise | Federal Reserve Chairman Jerome Powell reiterated his intention to keep easy-money policies in place but provided no sign the central bank will seek to stem a recent rise in Treasury yields, prompting them to rise further.  Some analysts said his latest remarks did little to ease investor fears about rising bond yields.  The yield on the 10-year Treasury note rose above 1.55% after Mr. Powell’s interview…  The Dow Jones Industrial Average lost 345.95 points, or 1.1%, to 30924.14 Thursday. The S&P 500 declined 51.25 points, or 1.3%, to 3768.47, the third consecutive session of declines. The Nasdaq composite fell 274.28 points, or 2.1%, to 12723.47.  Oil prices rose Thursday after OPEC and a Russia-led coalition of oil producers kept most of their production cuts in place, …  Recent evidence suggests the labor market is improving, but slowly.  Mr. Powell noted that the U.S. has about 10 million fewer jobs than before the pandemic and said, “It will take some time to get back to maximum employment.”  The central bank has held its overnight federal-funds rate near zero since March 2020…  U.S. federal debt is projected to nearly double to 202% of gross domestic product by 2051, the congressional Budget Office said Thursday.  Asked Thursday about the climb in long-term rates, Mr. Powell said it “was something that was notable and caught my attention.”  Many market participants also anticipate that a burst of spending once the economy fully reopens will push inflation above the Fed’s 2% target, a situation that in the past would have prompted tighter monetary policy. | The Wall Street Journal | 03/05/2021 | Paul Kiernan |
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| Treasury Yields Touch Recent Highs  *Positive jobs report bolsters optimism for economic rebound; ‘market is confused’* | The yield on the benchmark 10-year U.S. Treasury note settled at 1.551%, according to Tradeweb.  Yields, which rise when bond prices fall, have been surging for weeks based largely on investors’ hopes for the near future, when vaccines may have tamed the coronavirus pandemic even as the government continues to pump money into the economy with various stimulus programs.  Appearing at The Wall Street Journal Jobs Summit, Mr. Powell said the recent increase in Treasury yields had caught his attention and suggested the Fed might intervene if overall financial conditions tighten much further.  “the problem the Fed has now is that the bond market is clearly confused,” said Hugh Gimber, a strategist as J. P. Morgan Asset Management. | The Wall Street Journal | 03/06-07/2021 | Sam Goldfarb and Paul J. Davies |
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| Bond Funds Are Scraping for Yield | Optimism about economic recovery has triggered a sell-off in U.S. Treasurys that is pushing fixed-income investors to run for cover in some unlikely havens.  Fund managers are bulking up on junk bonds, corporate loans, equity-linked bonds and even stocks, analysts and investors said, while selling assets that trade more in line with government debt, including mortgage-backed and investment grade corporate bonds. | The Wall Street Journal | 03/06-07/2021 | Matt Wirz |
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| Economy Looks Set for Strong Recovery  *February jobless rate declined to 6.2% as employers added 379,000 workers* | The U.S. economy is set up for a stronger recovery this spring after a February surge in hiring at restaurants and other hospitality businesses created the best monthly job growth since last fall.  The unemployment rate, determined by a separate survey, ticked down to 6.2% last month. The rate is well below a near 15% pandemic peak in April 2020, but remains above 2019’s 50-year lows.  U.S. stocks gained Friday afternoon in a wild trading session that followed the employment report’s release, while government-bond yields extend a recent surge. | The Wall Street Journal | 03/006-07/2021 | Eric Morath and Hannah Lang |
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| U.S.-Europe Suspend Tariffs, Seek to Ease Trade Tensions | The four-month suspension followed a conversation between President Biden and European commission President Ursula von der Leyen, who both said the tariff cease-fire was a change to improve strained bilateral ties.  The decision results in the temporary removal of tariffs imposed on products worth $11.5 billion, including levies of 25% the U.S. imposed on $7.5 billion in imported European products, including wine, whiskey and food items like cheese and olives, as well as aircraft.  In exchange, the EU will lift duties on $4 billion in U.S. products including jetliners, wine, suitcases and produce including nuts and cherries. | The Wall Street Journal | 03/006-07/2021 | Yuka Hayashi, Laurence Norman and Doug Cameron |
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| U.S. Set to Propel Global Recovery | The U.S. could help drive a powerful global economic recovery this year, as it plays a more central role in the comeback than after the financial crisis, reflecting the unusual nature of the Covid-19 shock and the flexibility of the American economy.  The world economy is likely to grow by around 6% this year, according to Oxford Economics, the fastest rate in almost half a century as vaccine campaigns allow pandemic restriction to be lifted and businesses to snap back.  For the first time since 2005, the U.S. is expected this year to make a bigger contribution to global growth than China, said the research firm. After the 2008 financial crisis, the global economic recovery was powered by China, as the U.S. experienced the weakest revival since the Great Depression.  European Central Bank officials have sounded the alarm about rising bond yields.  ECB analysts warned in February that the pandemic could lead to permanently lower economic output globally. | The Wall Street Journal | 03/08/2021 | Tom Fairless |
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| Selloff Last Year Offers Lessons | A year ago, the longest-ever bull market ended.  The comeback in the stock market since then has been nothing short of astounding.  The S&P 500 took 126 trading days to swing from a record to a bear market and back to a new high…  The market is barely above the point where it began the year. This week, traders say they will be focused on inflation data, which may add to the recent debate over whether inflationary pressures are picking up. | The Wall Street Journal | 03/08/2021 | Akane Otani |
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| Student-Loan Choice: Take The Forgiveness Option? | After 20 or 25 years, depending on the plan, borrowers can have the remainder of their federal student-loan debt forgiven. At present, the remaining balance is considered taxable income, though this is poised to change – at least for the short term – with the Covid-19 relief bill working its way through Congress. | The Wall Street Journal | 03/08/2021 | Cheryl Winokur-Munk |
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| How To Understand The Small-Stock Rally | Small stocks so far this year have beaten their large-capitalization brethren by a wider margin than they have in more than two decades, raising questions about what is driving the outperformance and what it means for the overall market ahead.  The year-to-date return for small-caps through the end of February was a remarkable 25 percentage points greater than that of the large-caps (as measured by the 20% of stocks with the smallest market caps vs. the comparative quintile of the largest). While it isn’t unexpected for small-cap portfolios to beat large-caps over time – a long-term tendency that Wall Street analysts refer to as the “size-effect” – what is unusual is the magnitude of the outperformance. | The Wall Street Journal | 03/08/2021 | Mark Hulbert |
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| Treasury Yields Climb on Relief Package  *Ten-year note briefly tops 1.609% before settling at 1.594% as bill nears final vote* | The rise in yields is also putting pressure on growth stocks, such as technology companies, whose valuations are linked to prevailing discount rates for long-term cash flows.  The tech-heavy Nasdaq Composite fell 310.99 points, or 2.4%, to 12609.16, falling into correction territory.  On Monday, 10-year inflation expectations hit 2.24%, the highest since the summer of 2014. | The Wall Street Journal | 03/09/2021 | Paul J. Davies |
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| Nasdaq Falls Into Correction As Yields Take Off  *Investors rotate out of tech stocks into cyclical shares, pushing the Dow industrials higher* | Technology stocks continued falling Monday, pulling the Nasdaq Composite into correction territory, as a selloff in U.S. government bonds extended into a sixth week and sapped demand for the ones highflying shares.  The Nasdaq dropped 310.99 points, or 2.4%, to 12609.16, extending the declines from its Feb. 12 record to more than 10%. Rising bond yields dent the allure of growth stocks like those of big tech companies.  Meanwhile a rotation in the stock market continued: The Dow Jones Industrial Average surged 306.14 points, or 1%, to 31802.44 following stimulus bill t hat brightened economic prospects. | The Wall Street Journal | 03/09/2021 | Anna Hirtenstein and Amber Burton |
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| Tech Stocks Stage Rebound | Technology stocks rebounded Tuesday and treated the Nasdaq Composite to its best session in more than four months, a day after the index slid into correction territory.  At the same time, a selloff in government bonds paused for the first time in five sessions. The yield on the 10-year Treasury note ticked lower to 1.545%.  The Nasdaq rose 464.66 points, or 3.7%, to 13073.82, its largest one-day percentage gain since Nov. 4.  The S&P 500 added 54.09 points, or 1.4%, to 3875.44. And the Dow Jones Industrial Average added 30.30 points, or 0.1%, to 31832.74, after rising more than 300 points earlier in the session.  “There will be heightened volatility as long as the path of inflation remains as uncertain as it is,” said Jase Auby, chief investment officer for the Teacher Retirement system of Texas, Mr. Auby said the pandemic fund’s stock allocation is tilted toward value stocks, or shares of companies more likely to benefit in a reflationary environment.  Some investors expect that bond markets could calm as appetite for U.S. government debt revives following the sharp rise in yields. The 10-year Treasury yield was as low as 0.915% near the start of the year. | The Wall Street Journal | 03/10/2021 | Michael Wursthorn and Caitlin Ostroff |
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| Bond-Market Moves Aren’t Inflation’s TIP-ping Point | The 10-year break-even rate, the difference between the yield on the 10-year Treasury note and the 10-year Treasury inflation-protected security, is often looked at as bond-market investors’ judgment of where inflation is headed. It now stands at 2.2 percentage points, a half-point, a half-point above its level at the start of November and near its highest since 2014.  The Federal Reserve has remained steadfast about its intention to get inflation a bit above its 2% target – and not just for a little while.  A January Federal Reserve Bank of New York survey showed that bond-market participants expect inflation of 1.95% over the next five years, and 2.14% in the give years after that compared with October estimates of 1.85% and 2.1%... | The Wall Street Journal | 03/10/2021 | Justin Lahart |
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| Dow Closes Above 32000 | As rate worries eased, the Dow Jones Industrial Average climbed 464.28 points, or 1.5%, to 32297.02, marking its 11th record of 2021 and its first close above 32000. | The Wall Street Journal | 03/11/2021 | Source: FactSet |
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| Dow Closes Above 32000 for First Time | The S&P 500 gained 23.37 points, or 0.6%, to 3898.81. The Nasdaq composite, meanwhile, lost 4.99 points, or less than 0.1%, to 13068.83…  The gains for Dow stocks and losses for momentum-driven tech stocks are becoming a familiar pattern. Markets have seesawed in the past few weeks as investors have watched yields on U.S. government debt surge amid expectations of both higher inflation and an economic recovery.  Those higher yields have narrowed the relative valuation gap between safer bonds and riskier stocks and made bond returns more attractive to some investors.  “We have seen a genuine rotation from growth to value,” said Altaf Kassam, head of investment strategy for State Street Global Advisors in Europe. “the companies that were laggards before, like financials and energy, have ruled the roost lately.”  The consumer-price index rose 0.4% last month, in line with expectations. That helped assuage concerns that a sharp increase in inflation would prompt the Federal Reserve to tighten monetary policy. | The Wall Street Journal | 03/11/2021 | Will Horner and Paul Vigna |
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| Wave of New Debt to Test Treasury Market | Over the past few months, falling bond prices have pushed the yield on the benchmark 10-year U.S. Treasury note from about 1% to more than 1.5%, around its highest level in more than a year. Most investors think the climb largely reflects expectations for a vaccine- and stimulus-fueled economic resurgence that could eventually lead the Federal Reserve to raise short-term interest rates.  Another factor pushing yields higher, many analysts and traders say: the sheer volume of Treasurys now flooding the market – a byproduct of the trillions of dollars the government is spending to support the economy during the coronavirus pandemic.  Investors pay close attention to U.S. treasury yields because they help determine borrowing costs across the economy. | The Wall Street Journal | 03/11/2021 | Sam Goldfarb |
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| S&P Climbs To Record On Tech Rally | A rebound in shares of technology companies propelled the S&P 500 to a record close Thursday, as investors snatched up shares of growth companies that have lagged in recent weeks as bond yields soared.  The broad stock-market index added 40.53 points, or 1%, to 3939.34, while the Nasdaq composite surged 329.84 points, or 2.5%, to 13398.67. Both major U.S. indexes were propelled by a rally among megacap technology companies such as Netflix and Facebook.  The Dow Jones Industrial Average rose 188.57 points, or 0.6%, to 32485.59, notching its 12th record close of the year.  The gains in tech stocks have helped the Nasdaq trim its recent losses. The index is just 4.9% from its Feb. 12 record, after sliding into correction territory – a fall of at least 10% from a recent high – on Monday. | The Wall Street Journal | 03/12/2021 | Joe Wallace and Caitlin McCabe |
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| ECB to Speed Up Bond Purchases | The European Central Bank plans to step up efforts to contain borrowing costs that have surged amid brighter prospects for the U.S. economy and a relaxed stance from the Federal Reserve, aiming to shore up the flagging eurozone economy.  The divergence in near-term economic prospects between the U.S. and eurozone has made policy making more difficult for the ECB than for the Federal Reserve…  Very high debt levels in some European countries-particularly in the south, where debt is more than 150% of gross domestic product-leave the eurozone especially vulnerable to rising borrowing costs.  To contain yields, the ECB plans to significantly accelerate purchases under a 1.85 trillion euro bond-buying program, equivalent to $2.2 trillion, unveiled a year ago. | The Wall Street Journal | 03/12/2021 | Tom Fairless |
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| The Real Rally to Watch Isn’t In Stocks | Stock markets are exciting, perhaps particularly to financial journalists. But the bigger impact, and the bigger risks, are in a larger and slower moving market: real estate.  It isn’t easy to find housing markets where prices have fallen since the pandemic. In fact, many are experiencing some of the fastest growth in a decade or more.  Property makes headlines less often than equities do, but the majority of real estate markets globally are marching upward together. | The Wall Street Journal | 03/02/2021 | Mike Bird |
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| Dow Has Best Week In Months  *Average rises 4.1% for the week; Nasdaq gains 3.1%* | The Dow Jones Industrial Average rose for the sixth consecutive session and set a record, boosted by signs that the domestic economy is revving up.  The blue-chip gauge added 293.05 points, or 0.9%, to 32778.64, finishing its best week since November. The S&P 500 edged lower for much of the session before turning higher and gaining 4 points, or 0.1%, to 3943.34, also a fresh high. The Nasdaq Composite lost 78.81 points, or 0.6%, to 13319.86.  The Dow and S&P 500 gained 4.1% and 2.5%, respectively, this week. The Nasdaq added 3.1% for the week, snapping a three-week streak of losses. It is still off 5.5% from Feb 12’s record. | The Wall Street Journal | 03/13-14/2021 | Gunjan Banerji and Anna Hirtenstein |
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| Treasury Yields Continue To Climb | Selling in U.S. government bonds picked up steam again Friday, propelling yields past recent highs and putting an end to several sessions of relative stability.  The yield on the benchmark 10-year U.S. Treasury note settled at 1.634%, its highest level since February 2020, compared with 1.525% Thursday.  Yields, which rise when bond prices fall, climbed steadily overnight despite no obvious catalyst.  Some analysts also attributed the move at least in part to “supply indigestion” after the U.S. Treasury sold $120 billion of three-year notes, 10-year notes and 30-year bonds over the previous three days. Though demand for those auctions was reasonably strong, large auctions can sometimes cause aftershocks if investors feel satisfied with what they just bought at the sales and are hesitant to buy more. | The Wall Street Journal | 03/13-14/2021 | Sam Goldfarb |
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| As Outlook Brightens, Investors Seek Stocks With Hidden Value | Value stocks are beating growth stocks by the widest margin in two decades, the latest sign that investors expect the next year to bring a powerful economic rebound.  As the rollout of Covid-19 vaccines quickens and the economy bounces back from last year’s shutdowns, portfolio managers are snapping up cyclical stocks – banks, energy companies and others whose fortunes are closely linked to economic growth. Those shares often fit the description of value stocks, which trade at low multiples of their book value, or net worth.  The shift in bets marks a reversal of a trend that has held essentially since the financial crisis, in which growth stocks outpaced value stocks. That reflected in part the rise of big tech companies…  This year, the Russell 1000 value index is up 11% and the Russell 1000 Growth Index has edged up 0.2%.  Value stocks have lagged behind shares of fast-growing companies throughout much of the past decade: From the end of 2010 to the end of 2020 , the value index doubled, while the growth index quadrupled.  The rally in bank stocks has been fueled in part by a climb in government bond yields. Higher rates allow banks to charge more on loans, boosting their profits. Energy shares have had help from the rallying price of oil, with Brent crude, the international benchmark, rising 34% in 2021. | The Wall Street Journal | 03/13-14/2021 | Karen Langley |
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| Commodities Rally in Tandem  *Some investors bet on prolonged boom, others look at history and expect a bust* | Commodity markets are roaring, stirring a debate about whether prices are headed for an extended upswing. The history of booms and busts in raw materials suggests the conditions aren’t right.  Prices for Brent crude, the international benchmark in energy markets, have jumped 82% since the end of October. Copper is more expensive than it has been since 2011. Food hasn’t cost as much since 2014, according to a United Nations index.  Some investors and analysts say commodities are in the early stages of a supercycle.  But the chances of commodity prices rising in tandem over a long period are slim. Such cycles are rare. | The Wall Street Journal | 03/15/2021 | Joe Wallace |
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| Biden Weighs How to Pay for Agenda  *After relief law, party grapples with whether to borrow more or to seek tax increases* | The challenges are twofold. Officials face a decision over how much of the bill to pay for with tax increases and which policies to finance with more borrowing. In a narrowly divided Congress, they must also craft a fill that can win support from nearly every Democrat. The decision will help determine how much of President Biden’s Build Back Better economic agenda he can advance in his first year.  Treasury Secretary Janet Yellen said Sunday that the Biden administration hasn’t decided whether to pursue a wealth tax, which the U.S. doesn’t have…  In the past year, successive rounds of stimulus spending to combat the coronavirus and its economic fallout have contributed to a nearly $4.5 trillion increase in federal debt held by the public, to $21.9 trillion as of March 1.  The yield on the 10-year Treasury note was 1.634% on Friday, up from 0.9% at the start of the year, meaning that the cost of borrowing is rising for the government and across the economy. | The Wall Street Journal | 03/15/2021 | Kate Davidson |
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| What’s News | ♦ Banks are expected in coming months to free up tens of billions of dollars in reserves set aside for loan losses that haven’t materialized, boosting profits. | The Wall Street Journal | 03/16/2021 |  |
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| Risk-Free Treasurys Look a Bit Riskier to Some | Buyers have concluded that locking up their money for a decade or more in Treasurys is now riskier than before, because there is a much greater chance of high inflation eroding the value of fixed income.  The value of a 30-year Treasury fell 15.6% in just three months.  Shorter-maturity Treasurys have fallen less, but even for the 10-year note it will take six years of income to recover the loss of the past three months.  Put simply: Investors still expect the Fed to keep rates very low for a very long time. but they are worried about the risk that stimulus-driven inflation could wipe out returns. | The Wall Street Journal | 03/17/2021 | James Mackintosh |
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| Supply Woes Slam Global Manufacturing | Shortages and transport bottlenecks have mounted world-wide for makers of everything from cars and clothing to home siding and medical-needle containers, with the extreme Texas weather and port backlogs compounding problems for manufacturers already beset by pandemic disruptions.  Global supply disruptions are creating cost increases and delays for numerous industries, company executives and analysts said… | The Wall Street Journal | 03/18/2021 | Sean McLain, Christopher M. Matthews and Costas Paris |
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| Fed Lifts Outlook, Keeps Rate Stance | The Federal Reserve kept its easy-money policies in place and vowed to maintain them until the U.S. economy recovers further from the effects of the coronavirus pandemic, while officials also highlighted an improved outlook for growth.  Central bankers voted unanimously to maintain overnight interest rates near zero… | The Wall Street Journal | 03/18/2021 | Paul Kiernan |
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| What’s News | ♦ The Dow closed above 33000 for the first time, rising 0.6% to 33015.37. the S&P 500 gained 0.3% to a record and the Nasdaq added 0.4%. | The Wall Street Journal | 03/18/2021 |  |
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| Treasurys Stabilize After Vow By Powell | The yield on the benchmark 10-year Treasury note pared a steep climb Wednesday to finish slightly higher after Federal Reserve Chairman Jerome Powell reiterated the central ban’s commitment to supporting the economy until it fully recovers from the coronavirus pandemic.  The 10-year yield, which rises when bond prices fall, finished Wednesday’s session at 1.641%, according to Tradeweb…  Yields on longer-dated bonds have climbed recently to their highest levels since the pandemic started, fueled by bets that distribution of vaccines and new stimulus money will lead to strong economic growth and inflation.  Most of the 18 Fed officials still expect the Fed to hold short-term interest rates near zero through 2023…  The gap between five- and 30-year Treasurys reached its widest in more than six years…  Yields on short-term Treasurys, which are particularly sensitive to the outlook for monetary policy, fell after the Fed released its policy statement. The yield on the three-year note led declines, falling to 0.288% from 0.333% on Tuesday. | The Wall Street Journal | 03/18/2021 | Sebastian Pellejero |
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| Tech Stocks Drive Down Indexes | Stocks fell as shares of technology companies and other high-growth stocks succumbed to another selloff in the government bond market.  The 10-year Treasury yield, a benchmark for lending costs, breached 1.7% for the first time since January 2020.  Shares of big tech companies were among the stocks that faced the greatest pressure.  That pulled the Nasdaq Composite down 409.03 points, or 3%, to 13166.17 and knocked the S&P 500 off 58.66 points, or 1.5%, to 3915.46, a day after clinching a record.  The Dow Jones Industrial Average gave up an earlier gain to close down 153.07 points, or 0.5%, to 32862.30. | The Wall Street Journal | 03/19/2021 | Caitlin Ostroff and Michael Wursthorn |
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| Investors Fear Inflation Impact On Dollar Rally | The U.S. economic prospects look brighter than those of many other countries – and that has driven an unexpected dollar rally this year.  Investors thought the greenback would weaken during a coordinated global rebound from Covid-19 lockdowns. Instead, the U.S. stands apart from the rest.  The flip side of this exceptionalism is a growing fear of higher inflation that could eventually reverse the dollar’s fortunes, according to some investors.  Fears of rampant inflation have gone unfulfilled for years. The U.S. has had low and stable inflation for nearly three decades.  For many investors, the scale of the government spending is what makes this time different. | The Wall Street Journal | 03/19/2021 | Paul J. Davies and Caitlin Ostroff |
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| A Fed Fearless of Inflation Should Scare Investors | Up to now, the assumption has been that the Fed w ill tolerate some short-term inflation created by President Biden’s $1.9 trillion stimulus, but that in the long run the Fed will reassert control or inflation will go away by itself.  But Mr. Powell has committed to no increases until inflation is sustainably at the Fed’s target and the country is at full employment. Most policy makers think that means at least three more years of near-zero rates. | The Wall Street Journal | 03/22/2021 | James Mackintosh |
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| Market Reshuffle Has Room to Run  *Things look good for cyclicals as rising rates affect companies at different stages of maturity differently* | The economy’s prospects are looking up, but so are interest rates. That has been roiling the stock market, hammering the shares of the fast-growing companies that, until recently, were investors’ favorites while sending the shares of companies that didn’t do as well during the pandemic higher.  The cyclical companies that could fall under this rubric – industrial conglomerates, retailers, capital-equipment makers, airlines – vastly outnumber the handful of big companies that drove the stock market’s performance last year. The upheaval in the stock market may have only just begun. | The Wall Street Journal | 03/23/2021 | Justin Lahart |
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| Powell Says Stimulus Isn’t Inflation Threat | Federal Reserve Chairman Jerome Powell told lawmakers he doesn’t expect the $1.9 trillion stimulus package will lead to an unwelcome increase in inflation, but he emphasized that the central bank has tools to deal with rising price pressures if necessary.  Mr. Powell said that the Red remained strongly committed to keeping the public’s expectations for future inflation under control, as they have been for decades, and that he didn’t believe a one-time spending surge that leads to temporary price increases would change those expectations.  The Fed has held its benchmark interest rate near zero since the effects of the Covid-19 pandemic slammed the U.S. economy a year ago. Mr. Powell has said repeatedly in recent weeks that the Fed is in no hurry to change its easy-money policies until it attains its goals for higher inflation and a strong labor market. | The Wall Street Journal | 03/24/2021 | Paul Kiernan and Kate Davidson |
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| A Year After Rout, Long Stock Rally Shifts | One year ago, the U.S. stock market bottomed out, with the S&P 500 hitting its trough after a 34% plunge in just 23 trading days.  …stock indexes have risen to highs.  Behind the stunning rally stand a series of factors, including, initially, the Federal Reserve’s swift emergency measures to support financial markets and the economy. Those helped push U.S. stocks off their 2020 low and kicked off a stretch of sustained leadership by growth and technology stocks.  Unlike sectors such as energy and retail, which suddenly faced uncertainty, technology stocks were lauded by some analysts as holding large growth potential.  Recently, however, that rally has stalled, sending the tech-heavy Nasdaq Composite briefly into a correction – a 10% decline from a recent high.  The recent pullback in tech and growth stocks comes amid mounting concerns about inflation, as both economic activity and Covid-19 vaccine distribution pick up. Government bond yields have climbed, with the yield on the benchmark 10-year Treasury note surpassing 1.7% for the first time in more than a year.  Rising interest rates are particularly problematic for growth and technology companies, in part because their earnings are expected to come further in the future. Rising yields increase the value of current earnings relative to future ones.  Since Feb. 12, the Russell 1000 Value Index, which measures the performance of large-cap value companies, has climbed 2.7%. Its growth counterpart, the Russell 1000 Growth Index, has fallen 5.3%.  Among the sectors that have benefited the most from the recent rotation into value stocks: financials and energy companies. | The Wall Street Journal | 03/24/2021 | James Benedict and Caitlin McCabe |
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| Tech Selloff Pulls Down Indexes  *Dow finishes day lower after rising as much as 360 points earlier in session* | Stocks have seesawed this week as investors have continued to try to make sense of volatility in the U.S. government-bond market.  The Dow ultimately fell 3.09 points, or less than 0.1%, to 32420.06 after trading up more than 360 points earlier in the day. The S&P 500 also finished the day lower, falling 21.38 points, or 0.5%, to 3889.14 after starting the day higher, too.  The Nasdaq Composite tumbled for a second consecutive day, losing 265.81 points, or 2%, to 12961.89. | The Wall Street Journal | 03/25/2021 | Caitlin McCabe and Will Horner |
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| Yields Slip As Traders Await Spending Details | Yields on U.S. Treasurys, which rise when bond prices fall, have paused in recent sessions even after reports on Monday that Biden administration officials are crafting a plan for a multipart infra-structure and economic package that could cost as much as $3 trillion.  That comes after the yields had climbed sharply in recent months based largely on expectations that large-scale government spending will help fuel the economic recovery… | The Wall Street Journal | 03/25/2021 | Sam Goldfarb |
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| Powell Unfazed By Rising Yields | Federal Reserve Chairman Jerome Powell indicated that he isn’t concerned about a recent rise in long-term bond yields, saying Wednesday they appear to reflect growing optimism about the economy’s prospects.  The yield on 10-year Treasury notes spent Wednesday above 1.6%, up from 0.92% at the beginning of the year but down from a peak last week of 1.76%. Some economists and market participants have worried that a rapid or sustained climb in rates could weigh on the economy by making it more expensive for consumers and businesses to borrow.  Mr. Powell and Treasury Secretary Janet Yellen appeared before the panel for their second day of joint testimony to Congress about the government’s effort to restore the economy…  The message to the panel was similar to the one they delivered Tuesday before the House Financial Services Committee: The economy is poised for a strong recovery, but reinvigorating the labor market will take time.  Government red ink has swelled over the past year as economic activity stalled and congress ramped up spending to combat the pandemic.  Ms. Yellen said she believes the U.S. has more capacity to borrow than once thought, in part due to a decadeslong trend in falling interest rates, “but it certainly doesn’t mean that anything goes.” | The Wall Street Journal | 03/25/2021 | Paul Kiernan and Kate Davidson |
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| What’s News | ♦ Democrats are weighing a variety of possible tax increases, including boosting the corporate tax rate and the top marginal income-tax rate on individuals, to raise revenue. | The Wall Street Journal | 03/25/2021 |  |
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| The Coming Demand Surge Brings Back Memories of 1970s Inflation | The Journal reported recently that “commodity markets are roaring” and noted dramatic increases in prices of crude oil, copper and nickel as examples of what some predict to be “a supercycle…when prices or livestock, grains, metals, oil and gas all climb for years, even decades.”  That article that could have been written in the spring of 1973…  By the summer, the rate of inflation had shot up to 11%. It would continue at near double-digit annual rates until 1980, when the Federal Reserve, led by Paul Volcker, raised interest rates to nearly 20%. That crushed inflation but ushered in a harsh recession.  Experts reassure us that the annual inflation rate will rise only to about 2%.  Inflation may be in check today. But once it gets its claws into a demand-fueled, supply-constrained economy, it can become a scourge… | The Wall Street Journal | 03/25/2021 | William N. Walker |
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| U.S. Debt Levels Are Manageable, Powell Says | Federal Reserve Chairman Jerome Powell said the U.S. government can manage its debt at current levels but fiscal-policy makers should seek to slow its growth once the economy is stronger.  “Given the low level of interest rates, there’s no issue about the United States being able to service its debt at this time or in the foreseeable future,” Mr. Powell said Thursday in an interview with National Public Radio.  The CBO forecasts the debt will grow to 107% of GDP by 2031.  In the interview Thursday, Mr. Powell praised Congress for acting swiftly to mitigate the pandemic’s effects on American companies and workers. He reiterated that the Fed is strongly committed to achieving inflation that averages 2% over time, a level that it has fallen short of over the past decade. | The Wall Street Journal | 03/26/2021 | Paul Kiernan |
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| Jobless Claims Drop to Pandemic Low Point | Jobless claims fell to their lowest level of the pandemic last week as stronger hiring and consumer spending drive a U.S. economic revival.  The four-week average for jobless claims, which smooths out volatility in the weekly figures, also fell to a pandemic low of 736,000.  Still, benefits of the recovery aren’t yet reaching everyone. Millions of people are suffering from spells of long-term unemployment. | The Wall Street Journal | 03/26/2021 | Sarah Chaney Cambon |
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| Bond Buyers Skeptical On Fed, Inflation, Rates | The yield on the 10-year note edged down to 1.623% on Thursday…  Investors remain skeptical that the Fed won’t be forced to raise rates sooner and faster than it has said. The central bank has pledged to keep monetary policy loose until the economy is on a stronger footing. It also plans to let inflation rise above 2% for a period to offset years of weak inflation in the past.  The Fed reiterated last week that its rate-setting committee doesn’t expect to increase interest rates until after 2023.  Some investors also fear that a sharper rise in interest rates later will be more destabilizing for other assets such as stocks or riskier corporate debt, which have benefited from a low-rate environment. | The Wall Street Journal | 03/26/2021 | Paul J. Davies |
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| What’s News | ♦ The S&P 500 and the Dow rose 1.7% and 1.4%, respectively, closing at records, while the Nasdaq gained 1.2%, capping a volatile week. | The Wall Street Journal | 03/27/2021 |  |
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| Supply Chains Threatened by New Chinese Nationalism | The trade conflict between the U.S. and China has metastasized into a broader geopolitical confrontation…  Washington and Beijing both need to find acceptable ways to take the temperature down.  Meanwhile, companies in the region need to s tart preparing for contingencies.  …supply-chain diversification and redundancy is expensive – but possibly less expensive than not having it in the end. | The Wall Street Journal | 03/29/2021 | Nathaniel Taplin |
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| Bond Buyers Charge Right Ahead | The chief investment strategist at PGIM Fixed Income, Mr. Tipp is among a relatively small group of contrarians who have bet for months that the forces lifting bond yields-expectations for a post-pandemic surge in growth and inflation, increased government borrowing – are no match for the structural factors that have suppressed them for decades.  The yield on the benchmark 10-year U.S. Treasury note, a driver of interest rates across the economy, topped 1.7% earlier this month for the first time since the start of the coronavirus pandemic, settling Friday at 1.658%. that was up from 0.913% at the end of last but down from around 5% 15 years ago and 8% 30 years ago.  Betting on Treasurys now isn’t without risks. Fixed-income investors wager on the direction of Treasury yields by adjusting a measure known as duration in their portfolios. | The Wall Street Journal | 03/29/2021 | Sam Goldfarb |
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| What’s News | ♦ Raising the federal minimum wage to $15 an hour would make it harder for many teens to get or keep jobs, many economists say. | The Wall Street Journal | 03/29/2021 |  |
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| What’s News | ♦ The U.S. isn’t ready to lift tariffs on Chinese imports in the near future, but it might be open to trade negotiations with Beijing. U.S Trade Representative Katherine Tai said in her first interview since Senate confirmation. | The Wall Street Journal | 03/29/2021 |  |
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|  | **Last Week:**  **DJIA** 33072.88▲444.91 1.4%  **NASDAQ** 13138.72 ▼ 0.6%  **STOXX 600** 426.93 ▲ 0.8%  **10-YR. TREASURY** ▲ 21/32, yield 1.658%  **OIL** $60.97▼ $0.47 | The Wall Street Journal | 03/29/2021 |  |
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| Technology-Stock Selloff Hurts Indexes | Declines in shares of Microsoft, Apple, Amazon.com and Facebook weighed on the broad stock market, while in bond markets, the yield on the benchmark 10-year U.S. Treasury note ticked higher, hovering near its highest level since January 2020. Yields rise as prices fall, and the brightening economic outlook together with concerns about higher inflation have snapped demand for what are seen as the world’s safest assets.  The S&P 500 fell 12.54 points, or 0.3%, to 3958.55, off 0.4% from its record close last week. The Dow Jones Industrial Average dropped 104.41 points, or 0.3%, to 33066.96. The Nasdaq Composite slipped 14.25 points, or 0.1%, to 13045.39.  The yield on the 10-year Treasury note rose to 1.724%, from 1.721% on Monday.  The economically sensitive energy, financial and industrial sectors, meanwhile, are leading the S&P 500 this year…  Consumers, as well as investors, have grown more optimistic about the U.S. economy. | The Wall Street Journal | 03/31/2021 | Caitlin Ostroff and Karen Langley |
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| What’s News | ♦ Consumer confidence in the U.S. rose in March to its highest level since the pandemic started a year ago. | The Wall Street Journal | 03/31/2021 |  |
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| Home-Price Surge Hits 15-Year High | Across the country, housing prices are climbing at the fastest pace in 15 years because of a tight supply of homes. | The Wall Street Journal | 03/31/2021 | Sources: S&P Dow Indices via St. Louis Fed (index); National Assoc. of Realtors |
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| IMF Brightens Its Economic Outlook | The International Monetary Fund is preparing to raise its forecasts for the global economy in 2021 and 2022 thanks to recent fiscal stimulus in the U.S. and increasing vaccination against Covid-19, Managing Director Kristalina Georgieva said Tuesday.  The IMF projected in January that global economic output would expand 5.5% in 2021, following an estimated contraction of 3.5% last year amid the coronavirus pandemic.  Despite the brighter outlook, Ms. Georgieva underscored a growing divergence between wealthy countries that are quickly inoculating their populations against Covid019 and poorer ones that lack the resources to do so. | The Wall Street Journal | 03/31/2021 | Paul Kiernan |

“We do not have to become heroes overnight. Just a step at a time, meeting each thing that comes up, seeing it is not as dreadful as it appears, discovering that we have the strength to stare it down.” *-Eleanor Roosevelt*

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