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| **RESOURCE LOG – APRIL 2021** | | | | |
| **Article Title** | **Detail** | **Publication** | **Date** | **Author** |
| Here Come The Biden Taxes | The great political fakery here is that corporate taxes merely fall on CEOs and rich shareholders. But as everyone knows, corporations don’t really pay taxes. They are vehicles for collecting taxes that are ultimately paid by some combination of customers in higher prices, workers in lower wages, and shareholders in lower returns on investment.  Higher after-tax profits mean more corporate investment, which means more productive workers, whom companies can afford to pay more.  In other words, Mr. Biden’s corporate tax increase will hit the middle class hard – in the value of their 401(k)s, the size of their pay packets, and what they pay for goods and services. | The Wall Street Journal | 04/01/2021 | Review & Outlook |
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| Investors Embraced Big Ricks In a Wild Quarter for Trading | Financial markets went into overdrive in the first quarter of the year.  Meme stocks such as GameStop corp. surged. Celebrities dove into blank-check companies.  If there is a unifying theme, it is that investors big and small showed no fear of risk-taking to start 2021. In fact, they embraced it. Interest rates jumped in the quarter, but they remain near historically low levels. The 10-year U.S. Treasury yield is around 1.7%, compared with 0.9% at the start of the year. Stocks are sitting near records, with the S&P 500 up 5.8% for the year and the Dow Jones Industrial Average up 7.8%.  “There’s a lot of money just swishing around in the market.” Said Sandi Bragar, managing director in planning strategy and research at wealth management firm Aspiriant. | The Wall Street Journal | 04/01/2021 | Akane Otani |
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| What’s News | ♦ Factories world-wide are struggling to keep up with soaring demand for all types of goods as the global economic recovery from the pandemic accelerates. | The Wall Street Journal | 04/02/2021 |  |
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| OPEC, Allies to Boost Output, Expecting Stronger Demand | OPEC and an alliance of other top oil producers agreed to boost their collective production by more than two million barrels a day over the coming months, betting on resurgent demand as they and the rest of the world assess the economic consequences of the pandemic’s trajectory.  The agreement made public Thursday between the two groups, together called OPEC+, was a compromise between Saudi Arabia, OPEC’s de facto leader, and Russia. Saudi Arabia had s ought to maintain cuts, skeptical of a quick return in oil demand during the pandemic. | The Wall Street Journal | 04/02/2021 | Summer Said and Benoit Faucon |
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| Poor Nations Fear Capital Flight | The red-hot U.S. economy is drawing billions of dollars in capital from emerging markets…  While modest, the March outflows were the first from emerging markets since the Biden administration’s $1.9 trillion economic-support package, combined with a rapid vaccination program, dramatically raised expectations for U.S. economic growth. Economists project the U.S. economy would grow 6.5% this year, the fastest pace in three decades.  Although largely good for the global economy, the torrid growth in the U.S. is straining some weaker countries.  As investors rush to buy U.S. assets, they have driven U.S. Treasury bonds yields sharply higher this year. Should that continue, economists worry that the higher returns offered for riskless investments in the world’ largest economy could pull money from emerging markets, where vaccine campaigns have barely begun.  Indeed, during the past month, central banks in Brazil and Russia, in addition to Turkey, have raised interest rates, in part to defend against capital outflows and to support their currencies.  The increase in emerging markets’ interest rates awakened memories of the so-called Taper Tantrum of 2013. | The Wall Street Journal | 04/02/2021 | Paul Hannon |
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| S&P Passes 4000 Milestone | The S&P 500 closed above 4000 for the first time to kick off the second quarter, buoyed by a continuing rebound in technology stocks.  The broad stock gauge jumped 46.98 points, or 1.2%, to 4019.87…  The Nasdaq Composite rose 233.23 points, or 1.8%, to 13481.11. The Dow Jones Industrial Average added 171.66 points, or 0.5%, to 33153.21.  Many investors expect stocks will continue to climb in the second quarter. | The Wall Street Journal | 04/02/2021 | Joe Wallace and Paul Vigna |
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| Gold Prices Suffer Reversal | The gold market has lost its glint, dashing the hopes of people who predicted that lavish stimulus spending by central banks and governments would send bullion prices to new heights this year.  Gold futures on Wednesday closed their worst quarter since 2016, falling 9.5% to $1,713.80 a troy ounce.  The precious metal has suffered since August, when prices closed at a record $2,069.40 a troy ounce. Gold has since dropped 17%.  Gold’s 75% surge starting in August 2018 had prompted bulls to say low interest rates and swelling deficits would debase the dollar, fueling inflation and pushing the metal higher still.  Instead, robust U.S. growth has unexpectedly strengthened the dollar: The WSJ Dollar Index rose 3.1% in the first quarter. A stronger greenback makes many commodities more expensive for buyers using other currencies. | The Wall Street Journal | 04/02/2021 | Joe Wallace |
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| Job Surge Signals Broad Rebound  *Monthly hiring figure of 916,000 is best since August as virus-hit industries roar back* | …unemployment rate, determined by a separate survey, fell to 6%, a pandemic low.  The jobs rebound is gaining renewed momentum as more people are vaccinated against Covid-19, states lift restrictions on business activity, and consumers grow more comfortable dining, shopping and traveling outside their homes.  “There’s a seismic shift going on in the U.S. economy,” said Beth Ann Bovino, a Ph. D. economist at S&P Global.  Consumer spending accounts for more than two-thirds of economic demand and is an important element of the recovery.  “Fear is subsiding, and American households are sitting on a lot of cash” from stimulus checks and savings from reduced spending, said Dr. Bovino. | The Wall Street Journal | 04/03-04/2021 | Eric Morath |
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| Virus Strains Test Global Rebound | The international economy is recovering faster than many economists projected just weeks ago, powered by growth in the U.S. and China and by the accelerating pace of vaccinations in many rich countries. Yet a new wave of lockdowns – from Europe to Canada – is threatening that growth, as many low- and middle-income nations with limited resources lag behind.  In a report to be released Tuesday, the IMF plans to raise its forecast for global growth for 2021, from the 5.5% expansion projected in January… That would follow an estimated 3.5% contraction in 2020, the worst peacetime outcome since the Great Depression. | The Wall Street Journal | 04/05/2021 | Yuka Hayashi |
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| U.S. Aims For Global Minimum Corporate Tax Rate | Treasury Secretary Janet Yellen argued for a global minimum corporate tax rate Monday, seeking international cooperation that is crucial to funding the Biden administration’s $2.3 trillion infrastructure proposal.  President Biden’s proposal to raise the corporate tax rate to 28% from 21% would push the U.S. from the middle of the pack among major economies to near the top. The Biden plan would also impose a 21% minimum tax on U.S. companies’ foreign income, remove an export incentive and raise taxes on some foreign companies; U.S. operations. | The Wall Street Journal | 04/06/2021 | Richard Rubin and Kate Davidson |
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| China is Creating Digital Currency, First For a Major Economy | A thousand years ago, when money meant coins, China invented paper currency. Now the Chinese government is minting cash digitally, in a re-imagination of money that could shake a pillar of American power.  China is turning legal tender itself into computer code.  Cryptocurrencies such as bitcoin have foreshadowed a potential digital future for money, though they exist outside the traditional global financial system…  China’s version of a digital currency is controlled by its central bank, which will issue the new electronic money. It is expected to give China’s government vast new tools to monitor both its economy and its people.  Beijing is also positioning the digital yuan for international use and designing it to be untethered to the global financial system, where the U.S. dollar is king. China is embracing digitization in many forms, including money, in a bid to gain more centralized control while getting a head start on technologies of the future. | The Wall Street Journal | 04/06/2021 | James T. Areddy |
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| Jobs Data Power Dow, S&P to Records | The Dow Jones Industrial Average and S&P 500 surged to records as a strong jobs report and data showing a rebound in the services sector cheered investors hoping for a robust economic recovery.  The Dow gained 373.98 points, or 1.1%, to 33527.19. The broad S&P 500 climbed 58.04 points, or 1.4%, to 4077.91.  The technology-heavy Nasdaq composite advanced 225.49 points, or 1.7%, to 13705.59.  Employers added a seasonally adjusted 916,000 jobs last month…  “It was a blockbuster report on all fronts, exceeding expectations in a really big way,” said Hani Redha, a portfolio manager at PineBridge Investments.  “Manufacturing has been strong across the board, but it is easier to switch on a factory and start making cars. What we need to see is the services picking up,” said Altaf Kassam, head of investment strategy for State Street Global Advisors in Europe.  A faster-than-anticipated vaccine rollout and stimulus spending, from President Biden’s $1.9 trillion coronavirus relief bill have also helped propel the stock market to records. | The Wall Street Journal | 04/06/2021 | Caitlin Ostroff and Alexander Osipovich |
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| Demand Worries Dent Oil Prices | U.S. crude prices slid 4.6% to $58.65 a barrel,…  Oil prices have wobbled around $60 in recent weeks, remaining up roughly 20% for the year but more than 10% below a March 5 peak.  Analysts say oil prices are now hovering around a sweet spot that supports earnings for energy producers without causing a much bigger climb in gasoline prices that would further pressure consumers at the pump. | The Wall Street Journal | 04/06/2021 | Amrith Ramkumar |
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| White-Hot U.S. Stock Rally Masks Massive Value Swings | The Cboe Volatility Index, a gauge of stock volatility based on options priced on the S&P 500, recently closed at its lowest level in more than a year.  Yet under the surface, the market values of stocks within the S&P 500 are shrinking or swelling at a rate approaching the first half of 2020, when volatility soared at the start of the covid-19 pandemic.  Mammoth swings have grown more common across the stock market even as major indexes keep touching records. | The Wall Street Journal | 04/07/2021 | Gunjan Banerji |
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| Calming Words From Fed Lift S&P | The S&P 500 eked out a record close after notes from the Federal Reserve’s last policy meeting showed that the central bank remains c omitted to supporting markets and the economy. | The Wall Street Journal | 04/08/2021 | Caitlin McCabe and Will Horner |
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| JPMorgan’s Dimon Predicts ‘Goldilocks’ Economic Boom | The leader of America’s biggest bank said the U.S. economy is emerging from the coronavirus pandemic into a boom that could last until 2023.  In his annual letter to shareholders Wednesday, JPMorgan Chase & Co. Chief Executive James Dimon said strong consumer savings, expanded vaccine distribution and the Biden administration’s proposed $2.3 trillion infrastructure plan could lead to an economic “Goldilocks moment” – fast, sustained growth alongside inflation and interest rates that drift slowly upward.  The U.S. government’s rapid and deep monetary and fiscal intervention over the past year helped prevent many of the worst outcomes, said Mr. Dimon…  “It’s a lot of money, and it’s bound to cause a booming economy,” he said in an interview with The Wall Street Journal. | The Wall Street Journal | 04/08/2021 | Orla McCaffrey |
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| Minutes Show Fed Expects Stronger Recovery | President Biden’s $1.9 trillion pandemic relief package, signed into law March 11, prompted Fed policy makers to lift their forecasts for U.S economic growth and inflation this year ahead of their March 16-17 meeting.  Still, most of the 18 officials at the meeting expected rates to remain pinned near zero through 2023 and expressed no readiness to reduce the bond purchases last month… | The Wall Street Journal | 04/08/2021 | Paul Kiernan and Michael S. Derby |
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| Investors Sour on Emerging Markets | Pressure is building in some emerging markets as brightening U.S. growth prospects prompt investors to pull capital out of economies that look less robust.  One of the key challenges facing developing nations is the rise in U.S. real yields, or the returns on government debt after accounting for inflation.  Lower real rates tend to be associated with stronger performance in riskier asset classes, such as those in emerging markets. | The Wall Street Journal | 04/09/2021 | Anna Hirtenstein |
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| Tech Stocks Lift S&P to Record | The S&P 500 closed at another record, propelled by a resurgence in big technology stocks.  The largest tech companies have surged as the bond market calmed, easing concerns about the high valuations of growth stocks.  The S&P 500 edged up 17.22 points, or 0.4%, to 4097.17, its 19th record close of 2021.  The tech-laden Nasdaq Composite rose 140.47 points, or 1%, to 13829.31. The Dow Jones Industrial Average added 57.31 points, or 0.2%, to 33503.57. | The Wall Street Journal | 04/09/2021 | Anna Hirtenstein and Julia Carpenter |
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| Developing Economies Lag Behind On Upturn | Powered by the U.S. and china, the global economy is set to make a stunning comeback this year from its deepest contraction since the Great Depression, economists said.  For many developing countries, though, 2021 is shaping up to look a lot like 2020, with the pandemic still raging and poverty deepening.  The IMF on Tuesday raised its global growth forecast for gross domestic product to 6% this year, citing unprecedented government fiscal stimulus and an accelerating vaccination drive in the U.S.  …the Federal Reserve expects the U.S. economy to expand 6.5%, its highest rate since 1984.  Most developing countries are also seeing growth resume. But in many places, it isn’t nearly enough to make up for the economic damage caused last year.  By the end of the decade, the United Nations warns, the number of people in extreme poverty could rise above one billion, an increase of about 250 million, due to the pandemic.  Developing-world governments are also facing a debt crisis.  The 72 developing countries considered most vulnerable on the debt front are due to repay $598 billion between now and the end of 2025, the U.N. said. | The Wall Street Journal | 04/09/2021 | Gabriele Steinhauser, Saeed Shah and Ryan Dube |
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| Mega Stocks Take Control of Market Rally | The mega-sized stocks beat the merely large, which beat the big, with the small stocks bringing up the rear. Cheap “value” stocks lagged behind more expensive growth stocks once again, with Big Tech firms such as Facebook, Apple, Amazon and Microsoft beating the S&P 500, having trailed it since the election. Bond yields were barely changed. And boring defensive sectors such as utilities and real estate- the stuff you buy when fear rather than greed dominates – did well.  **It was all about foreign investors**  Japanese and European investors facing rock-bottom bond yields switched tack and poured money into U.S. Treasurys in the past month.  **The reflation news was already priced in**  The economic story is backed up by commodity prices: Oil peaked a month ago, and economically sensitive industrial metals had already come off highs reached in late February.  **Risks to reflation are rising**  Much of Europe is struggling with a serious third wave of Covid-19, and warnings of virus trouble in the U.S. are growing louder despite increased inoculations. | The Wall Street Journal | 04/10-11/2021 | James Mackintosh |
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| Dollar’s Advance Hits a Rough Patch | The dollar has slipped this month as the Federal Reserve stuck to its message that it won’t raise interest rates soon despite forecasts that the U.S. economy will recover faster than its peers.  The greenback is down about 1.2% against the currencies of its biggest trading partners so far in April.  The dollar’s weakness is unlikely to last because the U.S. economy is expected to outpace others…  A lot will depend on inflation, according to strategists at Bank of America, and in particular whether inflation is high or just higher than now. “While higher inflation could be positive for markets, high inflation could be negative,” they wrote in a note Friday. | The Wall Street Journal | 04/10-11/2021 | Paul J. Davies |
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| Dow, S&P 500 Rally To Set Fresh Records  *Shares of technology giants were among the biggest winners in the market this past week* | The S&P 500 rose 31.63 points, or 0.8%, to 4128.80, its 20th record for 2021. The benchmark notched gains for a third straight week for the first time in nearly six months. Its weekly gain of 2.7% was its largest since early February.  The Dow gained 297.03 points, or 0.9%, to 33800.60 on Friday, and the Nasdaq Composite added 70.88 points, or 0.5%, to 13900.19. The indexes gained 2% and 3.1%, respectively, for the week.  Shares of technology giants were among the biggest winners in the stock market this week as investors returned to a trade that had been wildly popular for much of last year. Bond markets calmed, with yields dropping for four straight days before ticking higher on Friday. | The Wall Street Journal | 04/10-11/2021 | Caitlin Ostroff and Gunjan Ranerji |
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| Forecasters Brace for Uncharted Liftoff | Those surveyed by The Wall Street Journal boosted their average forecast for 2021 economic growth to 6.4%, measured as the change in inflation-adjusted gross domestic product in the fourth quarter from a year earlier. It realized, that would be one of the few times in 70 years that the economy has grown so fast.  Economists expect growth to slow to 3.2% next year, which would still make 2021-22 the strongest two-year performance since 2005.  Inflation, as measured by the consumer-price index, is expected to jump sharply from 1.7% in February when March data is released Tuesday.  Still, economists see further price pressures as the economy reopens, with inflation accelerating to 3% in June…  A hot economy could also bring the bugbear of inflation. Its path depends on how easily surging demand can be met with increased production. | The Wall Street Journal | 04/12/2021 | Anthony DeBarros |
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| Stocks Set High Bar for Earnings  *Investors look for clues about profits as they weigh share values after a record rally* | The stock market is running hot entering first-quarter earnings season.  A formidable rally has propelled the S&P 500 up 9.9% this year to 20 record closes…  Investors will be watching for signs of confidence from executives that customer demand will keep rising and cost increases can be managed to help ease concerns that stocks are looking expensive.  The S&P 500 traded Thursday at 22.6 times its projected earnings over the next 12 months, above the five-year average of 18.14, according to FactSet.  “Our biggest concern is really valuations,” said Gene Goldman, chief investment officer at Cetera Investment Management.  For 2021, as a whole, profits for companies in the index are expected to rise 26% from a year earlier. They are forecast to keep climbing in 2022.  Central-bank officials have indicated they expect to keep supporting the economy with near-zero short-term interest rates and bond purchases. | The Wall Street Journal | 04/12/2021 | Karen Langley |
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| Inflation Arrives. Is It ‘Transitory’? | The U.S. on Friday reported a rise of 1% in producer prices for March, double the consensus prediction of economists. Prices are up 4.2% in the last year, with goods prices up 7%.  The year-over-year increase is higher in part because of low, pandemic-induced numbers from 2020. The recent acceleration is also related to constraints on the supply of goods, while demand surges as the pandemic eases and consumers spend their pent-up savings and government checks.  For these reasons, Federal Reserve economists say inflation will be “transitory,” receding later this year as supply constraints ease. | The Wall Street Journal | 04/12/2021 | Opinion Section |
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| Virus Aid Drives U.S. Deficit to A Record | The budget gap, widened by the Covid-19 pandemic and related shutdowns that sent the economy into a tailspin starting in March 2020, is now more than double what it was for the same period a year ago, the Treasury Department said Monday.  The government’s spending surge has provided some cushion to the economy from the pandemic’s devastation. But it also has sent the federal debt to levels not seen since the end of World War II as a proportion of the economy. Weaker corporate tax revenue has contributed to the budget shortfall. | The Wall Street Journal | 04/13/2021 | John McCormick |
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| Price Surge for Raw Materials Will Lift Profits | Rising material costs usually foreshadow fatter profit margins, according to Jonathan Golub, chief U.S. equity strategist at Credit Suisse Group.  Higher input costs generally accompany broad economic growth, which allows companies to pass along added expenses through higher prices of their own. Also, fixed expenses, like factory equipment, can be spread over greater sales.  Lately it has been hard to find a commodity not rising in price.  Lumber prices have sailed more than 75% higher than the pre-pandemic record. | The Wall Street Journal | 04/13/2021 | Ryan Dezember |
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| Consumer Prices Leap, With Big Jump in Gas | U.S. consumer prices rose sharply in March as the economic recovery gained momentum, marking the start of an expected months-long pickup in inflation pressures.  Some of the price increases reflected temporary factors, but others showed how demand by many goods and services is reviving a year after the coronavirus pandemic shut down large swaths of the economy, analysts said.  The Labor Department reported Tuesday that its consumer-price index – which measures what consumers pay for everyday items including groceries, clothing, recreational activities and vehicles – jumped 2.6% in the year ended March, the biggest 12-month increase since August 2018, and rose a seasonally adjusted 0.6% in March from February.  Nearly half the monthly increase was due to a 9.1% jump in gasoline prices… | The Wall Street Journal | 04/14/2021 | Gwynn Guilford |
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| Bank Earnings Soar to Record Highs | A stock-market boom fueled by Reddit-reading individual investors and a burst of companies entering the public markets produced record quarterly profits at Wall Street’s biggest banks.  The party shows no signs of ending soon. Even after reporting a 73% increase in investment-banking fees, Goldman said the volume of coming transactions in that business at the end of the first quarter stood at a record level. | The Wall Street Journal | 04/15/2021 | Peter Rudegeair, Oria McCaffrey and Ben Eisen |
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| Oil’s Sway Dims as Tax Perks Face Ax | President Biden’s tax plan proposes to extend tax credits for renewable energy while ending tax benefits for fossil fuels. Oil-and-gas lobbyists could soon find themselves in the awkward position of denying that special treatment for those companies exists, while digging in their heels to protect that treatment.  Yet there are undoubtedly tax breaks oil and gas gets that renewables don’t: Master limited partnerships, which are tax-advantaged vehicles, are available to hydrocarbon production.  Semantics aside, the fossil-fuel tax provisions most likely up for elimination are two deductions that help lower taxes for exploration-and-production companies. One is the intangible-drilling-cost deduction, which lets oil-and-gas producers deduct most of the costs associated with finding and preparing wells. The second is something known as percentage over cost depletion, which effectively helps oil-and-gas companies lower taxable income. | The Wall Street Journal | 04/15/2021 | Jinjoo Lee |
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| What’s News | ♦ The U.S. economic recovery is accelerating as stimulus funds, Covid-19 vaccinations and business re-openings spur a spring surge in consumer spending, a pullback in layoffs and a bounce-back in factory output. | The Wall Street Journal | 04/16/2021 |  |
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| What’s News | ♦ China’s economy surged 18.3% in the first quarter from a year earlier, a record rate that reflected the recovery from a coronavirus-induced trough at the start of 2020 as well as continued momentum. | The Wall Street Journal | 04/16/2021 |  |
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| What’s News | ♦ The Dow rose 0.9% to close above 34000 for the first time. The S&P 500 added 1.1% also notching a record. The Nasdaq climbed 1.3%. | The Wall Street Journal | 04/16/2021 |  |
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| What’s News | ♦ the U.S. housing market is 3.8 million single-family homes short of what is needed to meet demand, a Freddie Mac analysis found. | The Wall Street Journal | 04/16/2021 |  |
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| Demand Drives Yields Lower | U.S. Treasury yields registered their biggest one-day decline since early November on Thursday, reflecting renewed demand for government debt after sustained selling in the first quarter.  The yield on the benchmark 10-year U.S. Treasury note settled at 1.531%...  Now, there is evidence that they are buying again…  One factor supporting Treasurys right now is the “April was always going to be a transition month,” said Jim Vogel, interest-rates strategist at FHN Financial. | The Wall Street Journal | 04/16/2021 | Sam Goldfarb |
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| Dow Passes 34000 for First Time | The Dow Jones Industrial Average closed above 34000 for the first time after strong earnings and upbeat economic data sent stocks climbing.  The S&P 500 also notched a record close, its 22nd of the year. A powerful rally has pushed both indexes up 11% in 2021…  Shares of big tech companies pushed indexes higher as the yield on the 10-year U.S. Treasury note recorded its largest one-day decline since November.  “There’s elevated expectations coming into this quarter, but we still think that there’s going to be a significant amount of companies beating those estimates,” said Chad Oviatt, director of investment management at Huntington Private Bank. | The Wall Street Journal | 04/16/2021 | Karen Langley and Caitlin Ostroff |
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| Stocks End Week at Fresh Highs | The blue-chip index rose 164.68 points, or 0.5%, to 34200.67, its third straight day of gains. The S&P 500 rose 15.05 points, or 0.4%, to 4185.47. the indexes set their 21st and 23rd, respective, closing highs of 2021. The Nasdaq Composite spent much of the day in the red but closed higher as well, up 13.58 points, or 0.1%, to 14052.34. It is only 0.3% below its February record. | The Wall Street Journal | 04/17-18/2021 | Joe Wallace and Paul Vigna |
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| As Debt Grows, the Risk Calculus Changes | Federal debt – incurred when the government sells Treasury bonds, bills, notes and other securities to help cover its costs – recently hit an all-time high, thanks in part of foreign investors who are happy to park their cash in the U.S.  The securities are attractive because of their safety and stability.  About a third of the debt is now held in countries such as China, Japan and the U.K…  This year, the U.S. government’s publicly held debt is projected to hit 102% of gross domestic product…  At the same time, the annual deficit is expected to reach $2.3 trillion, or 10.3% of GDP, the second-widest shortfall since 1945, behind last year’s record $3.1 trillion, or 14.9% of GDP.  Traditionally, such eye-popping figures would trigger fears of skyrocketing inflation…  Last year’s interest payment on the federal debt was about $345 billion, or 1.6% of GDP.  So, when it comes to judging the size of the U.S. debt, which matters more – an interest payment of less than 2% of GDP? This year’s projected debt-to-GDP level of 102%? Inflation? | The Wall Street Journal | 04/17-18/2021 | Jo Craven McGinty |
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| Bull Run In Stocks Widens, Signaling Strength | A greater number of stocks have been propelling the U.S. market higher lately, a signal that – if history is any indicator – more gains could be ahead.  In the past week, stocks ranging from UnitedHealth Group Inc. to L. Brands Inc. to Vulcan Materials co. hit 52-week highs, joining 184 others in the S&P 500 that did the same. Those gains have helped extend the benchmark index’s rally for the year to 11% - notching 23 records along the way. | The Wall Street Journal | 04/19/2021 | Caitlin McCabe |
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| Corporate-Bond Measure Hints at an Upbeat Outlook | A key measure of the perceived risk in low-rated corporate bonds is hovering around its lowest level in more than a decade, highlighting investors’ mounting confidence in the economic outlook.  The average extra yield, or spread, investors demand to hold speculative-grade corporate bonds over U.S. Treasurys dropped below 3 percentage points this month to as low as 2.90 percentage points for the first time since 2007…  Yields on low-rated corporate bonds already hit a record low of 3.89% in February. | The Wall Street Journal | 04/23/2021 | Sam Goldfarb |
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| Bond Yields Finish Lower as Weekly Jobless Claims Fall | The yield on the benchmark 10-year Treasury note rose as high as 1.587% before settling at 1.554%...  Investors tend to trade Treasurys based on their expectations for the economy, generally fleeing the safety of government debt for riskier assets such as stocks when they expect growth and rising inflation, which erodes the purchasing power of bonds’ fixed payments.  As the data continue to improve, the Fed will be challenged communicating changes to monetary policy to investors, said Gennadiy Goldberg, senior U.S rates strategist a t TD Securities.  There also are signs more foreign buyers are coming back to the Treasury market in significant volumes, lured by yields that remain attractive even when hedged for currency fluctuations. | The Wall Street Journal | 04/23/2021 | Sebastian Pellejero |
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| ECB Will Maintain Monetary Stimulus | The European Central Bank will keep its aggressive monetary stimulus in place and lag the Federal Reserve in phasing it out, ECB President Christine Lagarde said, as the eurozone wrestles with a fresh wave of Covid-19 infections that likely tipped the bloc back into recession early this year.  At a news conference, Ms. Lagarde said the eurozone economy wouldn’t return to tis pre-pandemic size until the second half of next year.  Divergence between the ECB and Federal Reserve has sweeping implications for the prices of bonds and other financial assets.  The ECB said Thursday it would keep its key interest rate at minus 0.5% and continue to buy eurozone debt under an emergency €1.85 trillion bond-buying program, equivalent to $2.2 trillion, through at least March 2022.  The eurozone economy is likely to grow at an annualized rate of 6% in the second quarter of 2021, after contracting 1% in the first three months of the year, according to JPMorgan. | The Wall Street Journal | 04/23/2021 | Tom Fairless |
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| What’s News | ♦ Biden’s capital-gains tax proposals would alter wealthy Americans’ investment strategies and reignite the long-running political debates over the link between tax rates and economic growth. | The Wall Street Journal | April 24-25, 2021 |  |
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| SPAC-Led Cash Wave Boosts Junk Debt | The wave of each raised by special-purpose acquisition companies is rolling into the junk debt market, aiding distressed companies and rewarding investors who own their bonds and loans.  Companies with junk credit ratings are typically required to buy back their debt, often at a premium, when a change of control occurs via a merger.  “There’s a lot of deja-vu of the late 1990s happening in the high-yield market right now,” said Michael Anderson, a managing director for credit research at Citigroup Inc.  Such lofty prices can also lead to excessive risk taking, said Andre Hakkak, chief executive officer of White Oak Global Advisors LLC, which makes private loans to below-investment-grade companies. | The Wall Street Journal | April 24-25, 2021 | Matt Wirz |
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| Stocks Gain On Evidence Of Recovery | Investors piled back into stocks on Friday, lifting all three major U.S. indexes, as fresh data underscored that a strong economic recovery is under way.  The rally capped a volatile week for the U.S. stock market, during which major indexes swung widely in both directions.  The S&P 500 finished the week down 0.1%, while the technology-heavy Nasdaq Composite posted a 0.3% weekly loss. The Dow Jones Industrial Average ended the week 0.5% lower. The losses snapped a stretch of weekly gains for the U.S. indexes.  On Thursday, the Labor Department said weekly jobless claims last week hit the lowest level since the pandemic began. Earnings season has shaped up to be strong for U.S. stocks.  In bond markets, the yield on the 10-year Treasury note ticked up Friday to 1.566%, from 1.554% on Thursday. Still, the 10-year yield has retreated recently from its peak of well over 1.7% earlier this year. | The Wall Street Journal | April 24-25, 2021 | Caitlin McCabe and Anna Hirtenstein |
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| Biden Taxes for Punishment’s Sake | The Biden administration last week proposed to increase the capital-gains tax rate – currently 20% for most assets held for at least a year – to 39.6% for people making more than $1 million. Since capital gains are also subject to the 3.8% Medicate tax, the new capital-gains rate would be 43.4%. | The Wall Street Journal | 04/26/2021 | Lawrence B. Lindsey |
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| Wild Market Ride Lifts All Assets  *Frenzy for s tocks, crypto and resources puzzles experts, raises concerns of a bubble* | Rarely have so many assets been up this much at once.  And stocks are on a tear. Benchmark indexes from the U.S. to France to Australia have all climbed to fresh highs this year, with the S&P 500 and Dow Jones Industrial Average recently hitting their 23rd and 21st records of the year, respectively.  The frenzy has extended far beyond conventional markets tracked by Wall Street firms. Bitcoin hurtle above $60,000…  In the venture-capital world, investors are offering startups five times or more the amount of money they are requesting, and the average valuation for all startups has hit a new high.  “this is very different to any other bubble that we’ve had ever,” said Jeremy Grantham, co-founder and chief investment strategist of asset-management firm Grantham, Mayo and van Otterloo.  “All of the previous bubbles occurred when economic conditions looked nearly perfect. This has been quite different because the market started its incredible surge in a rather wounded economy,” he said. | The Wall Street Journal | 04/26/2021 | Akane Otani and Michael Wursthorn |
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| U.S. Set To Lead Economic Rebound in West  *Vaccinated consumers, with savings amassed in the pandemic, are seen driving growth* | The revival will come in stages, with the U.S. and countries such as the U.K. recovering faster than those in the European Union, as the timing and speed of recoveries will depend largely on the pace and reach of vaccination, economists said.  The International Monetary Fund expects the U.S. to notch annual growth of more than 6% this year as vaccination allows businesses to reopen their doors and consumers their wallets. The fund expects the U.S. economy to surpass its pre-pandemic size this year, with other major economies following in 2022. China has already recovered ground lost to Covid-19.  The eurozone, by contrast, is expected to record an annualized 3.2% contraction in the first quarter, as countries including France tightened public-health restriction amid surging Covid-19 caseloads. | The Wall Street Journal | 04/26/2021 | Jason Douglas and Paul Hannon |
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| Durable-Goods Orders Rebound From Dip | Orders for long-lasting goods resumed growth in March as the U.S. recovery stoked manufacturing demand that has been building since last fall.  Orders have increased 10 out of the past 11 months, | The Wall Street Journal | 04/27/2021 | John McCormick |
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| Market Wagers on Economic Pickup | Investors expect the post-pandemic economy to rebound.  Stocks are hitting records. Yields on U.S. government bonds and certain derivatives are suggesting the economy will be strong enough for the Federal Reserve to start raising short-term interest rates by 2023 and keep going for a couple of additional years.  Major indexes have continued to climb this year even as Treasury yields have shot upward, another sign of investors’ confidence that the economy can withstand higher interest rates. | The Wall Street Journal | 04/27/2021 | Sam Goldfarb and Peter Santilli |
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| The Fed in the Sand as Inflation Threatens | The Federal Reserve has joined the robust-growth camp, raising its forecast of 2021’s real gross domestic product growth to 6.5%, followed by a strong 3.3% in 2022 and a decline in the unemployment rate to its pre-pandemic low of 3.5% by the end of 2023.  The Fed has signaled that it will keep interest rates at zero and continue buying Treasurys and mortgage-backed securities. But if the Fed is too slow to reverse its emergency monetary responses to the pandemic, it risks adversely jarring financial markets and the economy.  Double-digit home-price increases are lifting expectations and fueling more demand. This is driving consumption of household durables, and spending on all goods are surging.  IF the current monetary and fiscal stimulus boosts aggregate demand-as is widely predicted-more businesses will have the flexibility to raise prices. | The Wall Street Journal | 04/27/2021 | Mickey D. Levy and Michael D. Bordo |
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| Consumer Outlook Rose Sharply in April | Consumers’ confidence in the U.S. economy rose sharply in April as more people received vaccinations, stimulus payments reached households and businesses more fully reopened.  The consumer confidence index increased to 121.7 in April from a revised 109.0 in March, the Conference Board said Tuesday. | The Wall Street Journal | 04/28/2021 | Xavier Fontdegloria |
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| Fed Holds Steady, Notes Job Gains | The Federal Reserve held its key interest rate near zero and said it plans to continue supporting the economic recovery, while acknowledging recent progress in growth and employment.  “Amid progress on vaccinations and strong policy support, indicators of economic activity and employment have strengthened,” the Fed said…  …inflation has risen, largely reflecting transitory factors.”  Since June, the central bank has also been purchasing at least $80 billion of Treasury bonds and at least $40 billion of mortgage-backed securities a month to hold down longer-term borrowing costs for consumers and businesses.  They also reiterated Wednesday that they want to see the economy make “substantial further progress” toward their goals of maximum employment and 2% average inflation before starting to reduce the pace of bond purchases. | The Wall Street Journal | 04/29/2021 | Paul Kiernan |
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| What’s News | ♦ A burst of growth brought the U.S. economy to just a hair below its pre-pandemic size in the first quarter, extending what is shaping up to be a rapid, consumer-driven recovery this year. | The Wall Street Journal | 04/30/2021 |  |
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| What’s News | ♦ The S&P 500 rose 0.7% to close at a record. The Dow also gained 0.7%, while the Nasdaq added 0.2%. | The Wall Street Journal | 04/30/2021 |  |
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| What’s News | ♦ Biden’s major economic initiatives so far propose $6 trillion to new federal spending for the next decade, far more than any recent president at a comparable point in their terms. | The Wall Street Journal | 04/30/2021 |  |
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| Yields Rise As Data Stir Fear of Inflation | Government bond yields climbed world-wide after signs of accelerating U.S. economic growth prompted worries that inflation will rise more rapidly than expected.  The yield on the benchmark 10-year U.S. Treasury note, which rises as bond prices fall, touched 1.688%, its highest intraday level in more than two weeks, before settling at 1.639%,  European sovereign bond yields also climbed, with the yield on the 10-year German bund rising to minus 0.178%, the highest since March 2020.  Much of the climb came after data showed that the U.S. economy expanded 6.4% on an annualized basis in the first quarter… | The Wall Street Journal | 04/30/2021 | Anna Hirtenstein |
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| Stocks Jump During Start of Biden’s Term | The S&P 500 has risen 11% since Mr. Biden’s Jan. 20 inauguration.  Consumer confidence in the U.S., meanwhile, has risen for four consecutive months.  Bullish investor’s point to the current earnings season during which corporations have been trouncing analysts’ expectations.  Investors are watching for anything that could derail the rally, and some are casting a wary eye on Mr. Biden’s calls to raise taxes on corporations and high earners. | The Wall Street Journal | 04/30/2021 | Karen Langley |

Famous Muscle Car – The 1968 Ford Mustang Bullitt GT driven by Actor Steve McQueen in the 1968 movie “Bullitt” was purchased by private investor Robert Kiernan for $3,500 in 1974. Kiernan’s son Sean sold the car at auction in Florida on Friday 01/10/2020 for $3.4 million, resulting in an annual pre-tax gain of +16.1% over the entire 46-year holding period (source: Mecum Auctions).

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