

Market Monitor

Month in Review: Markets & the Economy

Market Type	April 2021	Year To Date
Equity Markets		
S&P 500 Composite	5.34%	11.84%
Dow Jones Industrial Average	2.78%	11.30%
NASDAQ 100	5.92%	7.78%
Russell 2000	2.10%	15.07%
Russell 3000	5.15%	11.83%
MSCI ACWI ex USA	2.94%	6.54%
MSCI Emerging Markets	2.49%	4.83%
Fixed Income Markets		
BbgBarc US Aggregate Bond	0.79%	(2.61%)
ICE BofA US High Yield	1.10%	2.01%
JPM EMBI Global	1.91%	(2.92%)
Commodities/Misc. Markets		
US Dollar	(2.09%)	1.49%
CBOE Volatility (VIX)	(4.07%)	(18.20%)
Gold Bullion (Ounce)	4.53%	(6.35%)
Bloomberg Commodity	8.29%	15.78%

As of 4/30/2021. Data sourced from Morningstar. Indices are unmanaged and you cannot invest directly in an index.

Equity Markets

The S&P 500 Index closed at 4,181.20 on 4/30/21 after rising 5.34% during the month following a 4.38% rise in March. At current levels, the S&P 500, NASDAQ 100 and Dow Jones Industrial Average have hit and continue to remain around all-time highs. Out of the 11 sectors that make up the index, all were again positive over the month of April. The equal-weighted S&P 500 posted a return of 4.74% and was led by real estate up over 8%. While all sectors rose, returns were much more volatile between sectors with Real Estate and Financials up 8.26% and 6.55%, respectively, Energy up 0.68% and the other 8 sectors falling somewhere in between¹.

April witnessed another overall decrease in volatility in the equity markets as represented by the CBOE Volatility Index. Additionally, analysts at J.P. Morgan believe that much of the single stock trading mania that we have witnessed over the past few months may be tapering off. According to their research, flows from retail traders appear to be shifting from single stocks and stock options towards equity funds and ETFs, much as was the pattern prior to the pandemic. And while this may lead to less volatility across individual names, they note that global equity share^a has never been higher and deserves careful monitoring².

Fixed Income Markets

The benchmark 10-year Treasury yield ended April at 1.65% after falling slightly from 1.74% at the end of the prior month. Yields along the short and intermediate ends of the Treasury curve remained relatively flat, while yields at the long end declined minimally and led to a pause in the past few months' curve steepening³. In credit markets, predominately flat risk-free yields were offset by narrowed spreads of 17 basis points to produce high-yield returns of 1.10%⁴. International and emerging markets bonds continue to be negatively affected by a strengthening dollar. At the Federal Reserve's most recent meeting this past month, it reiterated that it's not yet time to begin discussing raising rates or tapering^b bond purchases. Through their press release and open Q&A session following the meeting, Fed Chair Jerome Powell mentioned that there is substantial progress that still needs to be made before either were to occur. Additionally, the Fed believes that any inflation spikes this year would be transitory and simply related to the reopening of the economy⁵.

Economy

Vaccinations continued to accelerate globally in April and markedly so in the US. Through April 30th, over 1.15 billion doses have been administered globally (vs 593 million at the end of last month), with 245 million of those occurring in the US (vs 154 million at the end of last month). As of the latest data, that amounts to approximately 2.2 million doses per day in the US⁶. An update to President Biden's earlier goal for full vaccination by July 4th was amended on May 4th to target at least one vaccination shot for 70% of US adults by July 4th, a direct response to the growing difficulty in vaccinating the remainder of the adult American population⁷.

Index Definitions:

S&P 500 Composite – widely regarded as the best single gauge of large-cap US equities; includes 500 leading companies and covers approximately 80% of available market capitalization.

Dow Jones Industrial Average – a stock market index that tracks 30 large, publicly-owned blue-chip companies trading on the NYSE and NASDAQ.

NASDAQ 100 – includes 100 of the largest domestic and international non-financial companies listed on the Nasdaq Stock Market based on market capitalization.

Russell 2000 – includes approximately 2000 of the smallest securities in the US equity universe based on a combination of their market cap and current index membership.

Russell 3000 – measures the performance of the largest 3,000 US companies representing approximately 98% of the investable US equity market.

MSCI ACWI ex USA – captures large and mid-cap representation across 22 of 23 developed market countries (ex US) and 26 emerging markets; covers approximately 85% of the global equity opportunity set outside the US.

MSCI Emerging Markets – captures large and mid-cap representation across 26 emerging markets countries and covers approximately 85% of the free-float adjusted market capitalization of each country.

BbgBarc US Aggregate Bond – broad-based, measures the investment grade, US dollar-denominated, fixed-rate taxable bond market.

ICE BofA US High Yield – tracks the performance of US dollar denominated below investment grade rated corporate debt publicly issued in the US domestic market.

JPM EMBI Global – measures the return of international government and corporate bonds issued by emerging market countries.

US Dollar – measures the value of the dollar relative to a basket of foreign currencies.

CBOE Volatility (VIX) – measures a constant, 30-day expected volatility of US stocks, derived from real-time prices of S&P 500 call and put options.

Gold Bullion – measured by the LBMA Gold Price PM USD, a twice-daily auction run by the ICE Benchmark Administration (IBA).

Bloomberg Commodity – a broadly diversified index calculated on an excess returns basis and that reflects commodity futures price movements.

Glossary:

Equity share^a – the aggregate market capitalization of equities in relation to the investable universe.

Tapering^b – the reduction of purchases, typically as related to the Fed's QE program of purchasing US government and agency bonds.

References:

Index, sector data¹ – sourced from Morningstar.

J.P. Morgan equity data² – sourced from J.P.Morgan, "Flows & Liquidity: Record high equity share in the global fund universe," by Nikolaos Panigirtzoglou, 6 April 2021.

Treasury yields³ – sourced from US Department of the Treasury, “Daily Treasury Yield Curve Rates,” 3 May 2021. <https://www.treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=yieldYear&year=2021>.

High yield spreads⁴ – sourced from Federal Reserve Bank of St. Louis FRED, “ICE BofA US High Yield Index Option-Adjusted Spread,” 3 May 2021. <https://fred.stlouisfed.org/series/BAMLH0A0HYM2>.

Federal Reserve comments⁵ – sourced from Goldman Sachs, “US Daily: April FOMC Recap: Note Close to Substantial Further Progress,” 28 April 2021.

Vaccine data⁶ – sourced from Bloomberg, “Covid Vaccine Tracker,” 3 May 2021. <https://www.bloomberg.com/graphics/covid-vaccine-tracker-global-distribution/>.

Vaccine timeline⁷ – sourced from AP News, “Biden aims to vaccinate 70% of American adults by July 4,” by Zeke Miller and Jonathan Lemire, 4 May 2021. <https://apnews.com/article/coronavirus-pandemic-health-government-and-politics-d6ee06383f123a4ef0941847200757df>.

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