

## Beacon Weekly Investment Insights

About a year ago this would have seemed like a bad April Fool's joke, but U.S. stocks closed last week an all-time high with the S&P 500 breaking the 4,000 barrier for the first time ever. Speaking of April Fool's jokes, Volkswagen (VW) prematurely announced that they would change the name of their American subsidiary to Voltswagen of America. We thought the proposed name change would be a clever way for VW to announce their new emphasis on electric vehicles, but alas it was indeed a joke.

A number of reasons may have been behind the market rally, but the \$1.9 trillion in stimulus funds that are gradually making their way through the economy may be near the top of the list. The stock market was closed on Friday when the latest unemployment report was released, but the headline number continued to trend in the right direction, falling to 6.0% from the prior month's reading of 6.2%. Long-term interest rates paused from their rapid ascent, with the 10 Year Treasury Note leveling off at 1.68%, down from its recent peak of 1.76%. Forward looking indicators, such as the Institute for Supply Chain Management's (ISM) Purchasing Managers Index point to continued robust growth in the manufacturing sector, hitting its highest reading in almost 30 years. Congress continues to haggle over the prospect of another huge stimulus bill focused on infrastructure, somewhere on the order of \$2-3 trillion, which will likely have to be paid for by higher taxes.

The week started on a perilous note as the details of the implosion of the family office, Archegos, came to light. In a head scratcher, Bill Hwang, a former "Tiger Cub" who ran Tiger Asia before creating his family office, felt compelled to use significant leverage resulting in a loss of at least \$10 billion for himself while denting the balance sheet of many of the world's largest banks. Fortunately, this event seems to be more of a tempest in teapot for the financial markets, rather than ushering in the Great Recession, Part 2. It may, however, turn into an interesting Harvard Business School case study on risk management someday.

With the first quarter now officially in the books for most firms, we are in a lull period for a couple weeks as companies do the behind the scenes work in assembling their official earnings numbers. However, shortly thereafter the earnings spigot will open. Of particular interest to Beacon investment managers will be firms' assessments of how they are impacted by COVID-19 and if the pandemic is truly almost in the rearview mirror. There does seem to be significant pent up consumer demand that may result in the greatest GDP growth since World War II.

On the economic calendar this week, the ISM Services number will be released on Monday. It will be hard for it to match the blowout reading of its manufacturing cousin, but we do expect strong growth, nonetheless. The prospect of rising inflation has been a flashpoint for market participants this year and we will get a reading on wholesale inflation when the Producer Price Index is released on Friday. Regarding Beacon's calendar, we sincerely hope you can join us for our client webinar on Tuesday afternoon.

Market Scorecard:	4/2/2021	YTD Price Change
Dow Jones Industrial Average	33,153.21	8.32%
S&P 500 Index	4,019.87	7.02%
NASDAQ Composite	13,480.11	4.59%
Russell 1000 Growth Index	2,484.84	2.35%
Russell 1000 Value Index	1,507.53	11.70%
Russell 2000 Small Cap Index	2,253.90	14.13%
MSCI EAFE Index	2,223.56	3.54%
US 10 Year Treasury Yield	1.679%	76 basis points
WTI Crude Oil	\$61.24	26.48%
Gold \$/Oz.	\$1,730.30	(9.01%)

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