Financial Week Newsletter

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. . .as summarized by Smith Shellnut Wilson

Equity Markets

- U.S. equity indexes closed mixed last week as valuation concerns linger.

	2/26 Close	3/5 Close	Price Change
Dow Jones	30,932	31,496	Up 1.8%
S&P 500	3,811	3,842	Up 0.8%
NASDAQ	13,192	12,920	Down 2.1%
KBW Bank Index	113.40	118.31	Up 4.3%

Financials

- Regulators closed no additional banks last week; year-to-date closures remain at zero.
- Walmart just took one step closer to becoming JPMorgan Chase's biggest nightmare; by luring a pair of senior bankers from Goldman Sachs to run its fledgling financial technology start up, the world's largest retailer is gaining even more heft as it seeks to become a one-stop shop for consumers' financial needs.

Credit Markets

- Intermediate-term U.S. Treasury yields rose last week on renewed reflation concerns.

	2/26 Close	3/5 Close	Yield Change
3-month Tsy	0.04%	0.03%	Down 1 bp
2-year Tsy	0.13%	0.14%	Down 1 bp
5-year Tsy	0.73%	0.80%	Up 7 bps
10-year Tsy	1.41%	1.57%	Up 16 bps

- According to data from the New York Federal Reserve Bank, outstanding mortgage loan debt at the end of last year hit $10 trillion for the first time ever; several factors account for the increased amount of outstanding mortgage loan debt, including pandemic-related lifestyle changes, rising home prices, and a dramatic decline in mortgage interest rates.

Treasury/Fed/Administration/Congress

- Federal Reserve Bank of Richmond President Thomas Barkin, in a Bloomberg Television interview, played down the importance of volatile financial markets and said that monetary policy makers were instead focused on what's happening in the real economy.

- The U.S. House of Representatives passed a $1.9 trillion stimulus bill via the budget reconciliation process, setting the stage for negotiations to begin in the Senate; as expected, the bill passed without bipartisan support as no Republican member of the House supported the legislation.

- Philadelphia Federal Reserve President Patrick Harker said last week that he does not expect the Fed to raise interest rates in 2022, despite bond market bets that a rate hike could come as early as next year; Harker said the Fed could consider yield-curve control, a strategy in which the central bank in which the central bank commits to purchasing U.S. Treasuries of a targeted maturity until their yields fall below stated levels.

Economy

- U.S. manufacturing activity increased to a three-year high in February amid a surge in new orders, even as factories continue to face higher costs for raw materials and other inputs as the pandemic drags on.

- Growth at U.S. service providers slowed to a nine-month low in February as companies grapple with logistical challenges and rising prices at the same time severe winter weather gripped much of the nation.

- The number of Americans applying for unemployment benefits edged higher in the latest reporting period to 745,000, a sign that many employers continue to cut jobs despite a drop in confirmed viral infections and evidence that the overall economy is improving.

- U.S. employers added 379,000 new jobs in February and the unemployment rate dropped to 6.2% from 6.3%, suggesting that the labor market is slowly improving following several disappointing months.

This Week

Economic data scheduled to be released this week include consumer and producer prices and a reading on consumer sentiment in early March.

Quote

"To achieve great things you need a plan and not quite enough time."

-- Leonard Bernstein

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The source for the information above is Bloomberg News unless otherwise noted.