

Financial Week Newsletter

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...as summarized by Smith Shellnut Wilson

Equity Markets

- U.S. equity indexes generally rose last week on improvement in the labor market and a positive revision to fourth-quarter GDP.

	<u>3/19 Close</u>	<u>3/26 Close</u>	<u>Price Change</u>
Dow Jones	32,628	33,073	Up 1.4%
S&P 500	3,913	3,975	Up 1.6%
NASDAQ	13,215	13,139	Down 0.6%
KBW Bank Index	121.29	121.67	Up 0.3%

Financials

- Regulators closed no additional banks last week; year-to-date closures remain at zero.
- The Federal Reserve said last week that the pandemic-era limitations it had placed on large banks that restricted share buybacks and dividend payments will end for “most banks” after June 30th.

Credit Markets

- U.S. Treasury yields were little changed last week.

	<u>3/19 Close</u>	<u>3/26 Close</u>	<u>Yield Change</u>
3-month Tsy	0.01%	0.02%	Up 1 bp
2-year Tsy	0.15%	0.14%	Down 1 bp
5-year Tsy	0.88%	0.87%	Down 1 bp
10-year Tsy	1.72%	1.68%	Down 4 bps

- Government and corporate bonds around the world have tumbled in their worst start to a year since at least 1999, as markets spooked by the prospect of resurgent inflation turn increasingly volatile; the notes have lost over 3.7% so far in 2021, according to a Bloomberg Barclays index of global investment-grade securities.

Treasury/Fed/Administration/Congress

- The Senate last week passed a two-month extension to the Paycheck Protection Program, allowing borrowers to apply for the loans through May 31, 2021.

Economy

- Sales of previously-owned U.S. homes declined in February to a six-month low, reflecting a record annual decline in the number of available properties that's driving up prices and impeding buyers; contract closing fell 6.6% from a revised January pace of 6.66 million units.
- U.S. sales of new homes also declined in February to a nine-month low as severe weather in parts of the country limited foot traffic against a backdrop of elevated prices that may be restraining momentum; purchases of new single-family homes plunged 18.2%--the steepest monthly decline since 2013.
- U.S. states saw a larger than expected drop in initial unemployment claim filings in the latest reporting week, with claims falling to a fresh pandemic low of 684,000.
- Orders for U.S. durable goods unexpectedly declined in February for the first time in nearly a year, indicating a pause in the months-long manufacturing rebound; bookings for durable goods--items meant to last at least three years--decreased 1.1% in February after an upwardly-revised 3.5% gain in January.
- U.S. fourth-quarter GDP rose at a revised 4.3% pace, a slight increase from the 4.1% previous estimate.
- U.S. household spending declined in February and incomes fell as the initial boost from stimulus checks at the start of the year faded; purchases of goods and services declined 1% from the prior month, following an upwardly-revised 3.4% surge in January.

This Week

Economic data scheduled to be released this week include housing prices, payrolls and a read on the health of the manufacturing sector.

Quote

"History is merely a list of surprises. It can only prepare us to be yet surprised again."

-- Kurt Vonnegut

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