

Financial Week Newsletter

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...as summarized by Smith Shellnut Wilson

Equity Markets

- The S&P 500 closed above 4,000 for the first time, capping off a shortened trading week as mega-cap technology stocks drove gains.

	<u>3/26 Close</u>	<u>4/01 Close</u>	<u>Price Change</u>
Dow Jones	33,073	33,153	Up 0.2%
S&P 500	3,975	4,020	Up 1.1%
NASDAQ	13,139	13,480	Up 2.6%
KBW Bank Index	121.67	121.40	Down 0.2%

Financials

- Regulators closed no additional banks last week; year-to-date closures remain at zero.
- Archegos Capital Management, a private investment firm led by Bill Hwang, is at the center of one of the biggest margin calls of all time, a multibillion-dollar fiasco involving secretive market bets that were dangerously leveraged and unwound in a blink. According to JPMorgan, global lenders could face up to \$10 billion in losses stemming from the firm's liquidation.
- Global financial regulators plan to release a set of proposals this year to improve resiliency of money-market funds after the industry faced an unprecedented dash-for-cash at the onset of the pandemic.

Credit Markets

- Treasury yields posted a loss in March, capping their worst quarter in decades as investors priced in an economic recovery and potential for a giant federal spending bill.

	<u>3/26 Close</u>	<u>4/01 Close</u>	<u>Yield Change</u>
3-month Tsy	0.02%	0.02%	Unchanged
2-year Tsy	0.14%	0.16%	Up 2 bps
5-year Tsy	0.87%	0.90%	Up 3 bps
10-year Tsy	1.68%	1.67%	Down 1 bp

Treasury/Fed/Administration/Congress

- President Joe Biden's \$2.25 trillion infrastructure-centered plan, laid out by the White House on Wednesday, relies on higher corporate tax levies to fund the program. Along with boosting the corporate income tax rate from 21% to 28%, businesses would pay significantly more on their global earnings than they did prior to the Trump administration.
- Federal Reserve Governor Christopher Waller said last week the central bank was focused on fulfilling its congressional goals of maximum employment and stable prices, and that it will not shape monetary policy to help finance U.S. government debts.

Economy

- Nonfarm payrolls increased by 916,000 last month and February employment was revised up to a 468,000 gain with improvements across most industries as more vaccinations and fewer business restrictions supercharged the labor market recovery.
- U.S. pending home sales fell 10.6% in February, the most since April of last year, as rising home prices and a shortage of available properties deterred buyers.
- A key measure of U.S. manufacturing activity soared to its highest level since 1983, a clear sign the sector is primed to recover quickly from a prior-month stumble.

This Week

Economic data scheduled to be released this week include producer prices and inventories.

Quote

“Time brings all things to pass.”

-- Aeschylus

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

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