Financial Week Newsletter

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. . .as summarized by Smith Shellnut Wilson

Equity Markets

- U.S. stock indexes rose last week on prospects for strong forward economic growth.

	4/2 Close	4/9 Close	Price Change
Dow Jones	33,153	33,801	Up 2.0%
S&P 500	4,020	4,129	Up 2.7%
NASDAQ	13,480	13,900	Up 3.1%
KBW Bank Index	121.40	123.24	Up 1.5%

Financials

- Regulators closed no additional banks last week; year-to-date closures remain at zero.
- Bloomberg dividend forecasts show that Bank of America will enjoy double digit dividend growth--topping 13%--over the next three years, the fastest growth among members of the S&P 500 bank index.
- More interest rate risk-management techniques may soon qualify for favorable accounting treatment, helping to reduce swings in bank earnings; U.S. accounting rulemakers last week put the finishing touches on a narrow proposal that would allow more banking strategies, including portfolios of fixed-rate assets that can be prepaid in advance, such as residential mortgages and mortgage-backed securities, to quality for hedge accounting.

Credit Markets

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

	4/2 Close	4/9 Close	Yield Change
3-month Tsy	0.02%	0.01%	Down 1 bp
2-year Tsy	0.16%	0.16%	Unchanged
5-year Tsy	0.90%	0.86%	Down 4 bps
10-year Tsy	1.67%	1.66%	Down 1 bps

Treasury/Fed/Administration/Congress

- Consumers are saving 42 cents of every dollar received from the third round of pandemic stimulus checks sent out in March, according to a new poll by the Federal Reserve Bank of New York.
- Federal Reserve Chairman Jerome Powell stands ready to pull some of the central bank's policy levers--the rate paid on excess bank reserves and the rate the Fed pays on its facility for overnight repurchase agreements--in order to keep the federal funds rate "well within" the Fed's 0-0.25% target range, as repo and Treasury bill rates have recently been at or below the low end of the Fed's target range.

Economy

- The rollout of COVID-19 vaccines and vast sums of government aid will accelerate global economic growth to a record 6% this year in a powerful rebound from the pandemic recession, according to the latest International Monetary Fund forecast.
- Applications for U.S. state unemployment insurance unexpectedly rose for a second straight reporting week, underscoring the uneven nature of the labor market recovery.
- U.S. service providers experienced the fastest growth on record in March as measures of business activity and orders advanced to new highs, highlighting how looser business restrictions and increasing economic activity are igniting a rebound in sectors hardest hit by the pandemic.
- U.S. job openings rose to a two-year high in February, led by gains in healthcare and accommodation and food services, suggesting that employers are poised to ramp up hiring in the coming months; the number of available positions increased to 7.37 million during the month from an upwardly-revised 7.1 million in January, according to a Labor Department report.

This Week

Economic data scheduled to be released this week include consumer prices, retail sales and consumer sentiment.

Quote

"Once you can accept the universe as matter expanding into nothing that is something, wearing stripes with plaid comes easy."

-- Albert Einstein

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