



INCISIVE INVESTOR

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WEEK IN REVIEW

INVESTORS PUSH PAST SECTOR ROTATION

Stock Market News

U.S. stock benchmarks closed sharply higher Friday afternoon, allowing the Dow and S&P 500 index to avoid booking a second straight weekly loss, even as rising bond yields and concerns about the global economic recovery keep investors on edge.

The Dow Jones Industrial Average DJIA rose 453.40 points, or 1.4%, to close at 33,072.88. The S&P 500 index SPX jumped 65.02 points, or 1.7%, to settle at 3,974.54. The Nasdaq Composite Index COMP added 161.05 points, or 1.2%, to finish at 13,138.72, after touching an intraday low at 12,878.72.

For the week, the Dow notched a 1.4% increase, the S&P 500 added 1.6%, and the Nasdaq fell 0.6%.



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Grounded container ship impacts supply chains

Global supply chains have been strained for over a year due to disruptions and bottlenecks caused by the coronavirus. This week's grounding of a massive container ship in Egypt's Suez Canal has only added to the problem. As much as 12% of the world's seaborne trade has been stalled by the accident. The most immediate impact is seen in the price of crude oil which has again risen to above \$61 per barrel.

Europe braces for a Possible third wave

European officials prepare for a third wave of COVID-19 infections amid a slow vaccine rollout. Lockdowns are being tightened in many areas. Travel restrictions are imposed again at a time when many countries had hoped to have lifted such controls. The approaching Easter weekend is an added concern. Family gatherings potentially increase the virus's spread. As a result of renewed restrictions, economists have been lowering European growth forecasts. However, data released this week showed that Europe's manufacturing sector is performing strongly, thanks to strong foreign demand. European Central Bank President Christine Lagarde warned of another slow rollout of the €750 billion EU recovery fund. She said

governments must not linger in distributing the funds, referencing the more robust fiscal response of the United States.

China gives warning as stimulus fall back

Fueled in part by warnings from regulators of asset bubbles and the harnessing of pandemic-fueled credit growth, China's CSI 300 Index has fallen more than 13% from its February highs. If policymakers are to be believed, it will likely be a considerable period before most developed economies begin to dial back stimulus. However, China's recent experience could be a sign that markets will face complications adjusting to life without a steady stream of stimulus.

Biden increases vaccination goal

In his first press conference since taking office a little over two months ago, US President Joe Biden called for 200 million coronavirus vaccine doses to be administered in the first 100 days instead of the 150 million he initially called for. According to the US Centers for Disease Control and Prevention, more than 14% of Americans are now fully vaccinated while 26.3% have received at least one dose. An average of 2.5 million doses per day was administered in the past week. Three vaccines are now being distributed in the US. The makers of a fourth, the AstraZeneca/Oxford University vaccine, are likely to pursue emergency-use authorization soon. After dropping sharply since early January, US confirmed cases have recently leveled off.

HEADLINERS

Late this week, the US Federal Reserve announced that it will end restrictions on dividends and share repurchases for most banks from June 30th.

Amid a surge in special purpose acquisition company initial public offerings, the US Securities and Exchange Commission asked Wall Street firms to voluntarily submit information on deal fees, compliance, reporting, and internal controls.

Fed Chair Jerome Powell said that the recent increase in bond yields has been an orderly process and is coming from very low levels. Any Fed policy changes will be made gradually and only after substantial progress toward inflation and full employment goals.

Secretary of the Treasury Janet Yellen said a temporary surge in US government spending is necessary in response to the pandemic but that the US must raise revenues longer term. Next week President Biden is expected to outline the next phase of his economic plan which intends to include tax hikes on corporations and upper-income Americans.

Former US Secretary of the Treasury and advisor to Democratic presidents Larry Summers said the US is undertaking the least responsible macroeconomic policy in the past four decades.

Revised government data show that the US economy grew more quickly in the final quarter of 2020, expanding at a 4.3% annual rate which was up from an earlier 4.1% estimate.



MAJOR STOCK MOVES

WeWork is set to take itself public in a \$9 billion merger with a blank-check company, according to a Wall Street Journal report. The office-sharing company will merge with BowX Acquisition Corp BOWX.

AMC Entertainment Holdings AMC shares fell 6.4% on Friday after a strong 21% rise on Thursday for the movie chain.

Another so-called meme stock, GameStop Corp. GME lost 1.5%% after a 53% jump on Thursday.

Shares of Zoom Video Communications Inc. ZM closed modestly higher even as a

technical warning appeared in the company's stock chart.

Shares of JPMorgan Chase & Co. JPM gained 1.7%, Bank of America's shares BAC jumped 2.7%, and Citigroup C stock rose 1.8% as yields rose and investors looked out to the prospect of dividends and buybacks from major money center banks.

Second-hand e-commerce platform ThredUP TDUP shares rose 42.9% Friday on its initial public offering debut on Nasdaq, up from its IPO price of \$14 a share, the high end of its \$12 to \$14 range.

Shares of ViacomCBS Inc. VIAC lost nearly one-third of their value Friday after a Wells Fargo analyst turned bearish on the stock and cut his price target.

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