

# WEEKLY MARKET UPDATE

January 19, 2021



## As goes January, so goes the rest of the year

There are two rules of thumb as it relates to a new year in the stock market.

1. As the first week of January goes, so goes the market.
2. As the month of January goes, so goes the market.

With the first week in the books, let's see what that indicator looks like. The first week in 2021 produced a positive 1.97%, which would indicate a positive tone as we start the year. We are obviously still waiting for the full January indicator. Of course, we'll note that these two results may conflict and that these are only rules of thumb. That said, take a look at the chart below to see the last 20 years of this indicator. It's not perfect, but 82% of the time the signal works. Let's hope it works for this year.

### S&P 500 return in first five days vs. the full year



SOURCE: Stock Trader's Almanac, FactSet



Tomorrow we will inaugurate our 46th President, and hopefully we'll do so without any of the violence we saw back on the 6th. We should see many Cabinet positions confirmed over the course of the next month and many new executive orders put in place or old ones removed. We

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should also see a lot of stimulus news over the first 100 days. Take a look below at some of the headlines already floating out there...

REAL ESTATE

## Biden looks to give a big boost to homebuyers and builders

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POLITICS

## Treasury nominee Yellen says U.S. can afford higher corporate tax rate if it coordinates with other countries

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NEWS YOU CAN USE

## Biden reveals \$1.9 trillion stimulus plan: How the headlines can affect your money

Plus, some freelancers might incur a surprise tax bill.

Published Fri, Jan 15 2021 • 12:57 PM EST



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There will likely be an infrastructure bill for \$2-\$3 trillion, as well as student loan debt forgiveness and potentially another payment to help those most affected by the pandemic. Stay tuned, but always remember that making campaign promises is a lot easier of a task than implementing those promises.

On the pandemic front, Johnson & Johnson released some preliminary study results that show their vaccine candidate generated favorable results that may lead to a emergency use authorization in the coming weeks. Why is that important? In addition to the Pfizer and Moderna vaccines already in use, AstraZeneca and JnJ are only potentially weeks away from an approval. That would put four vaccines on the market and would allow many more to get vaccinated as we continue to long journey towards getting back to a “normal” way of life. In addition, JnJ is a single dose versus the 2-dose regimen from Moderna and Pfizer. We will likely know more by the end of the month, give or take a few days.

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# Johnson & Johnson's Covid-19 Vaccine Updates: Efficacy Figures, Production Delays



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Markets

Let's sum up this week's note. Lots of stimulus, good vaccine news, and the markets are acting well through the first half of the month. Our expectations are for 2021 to be a pretty good year in the equity markets, but bonds may struggle with interest rates rising. We shall see. We hope you continue to stay healthy and social distance while the vaccines are administered over the next several months. Then maybe we can start to get back to something more normal. Let us know if you've received the vaccine yet. We'd be interested to know how it went. Take care and talk to you next week.

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