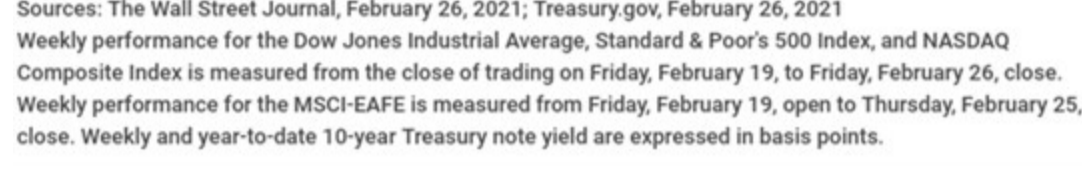


Stocks dropped amid rising long-term bond yields, with sharp declines in high-valuation growth stocks leading the overall market lower.

The Dow Jones Industrial Average slipped 1.78%, while the Standard & Poor's 500 declined 2.45%. The Nasdaq Composite index, home to many high-valuation growth plays, fell 4.92% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, edged up 0.37%. 1,2,3

## Market Insights

Market Index	Close	Week	Y-T-D
DJIA	30,932.37	-1.78%	+1.06%
NASDAQ	13,192.34	-4.92%	+2.36%
MSCI-EAFE	2,233.61	+0.37%	+4.01%
S&P 500	3,811.15	-2.45%	+1.47%



Treasury	Close	Week	Y-T-D
10-Year Note	1.42%	+0.08%	+0.49%

Sources: The Wall Street Journal, February 26, 2021; Treasury.gov, February 26, 2021  
Weekly performance for the Dow Jones Industrial Average, Standard & Poor's 500 Index, and NASDAQ Composite Index is measured from the close of trading on Friday, February 19, to Friday, February 26, close. Weekly performance for the MSCI-EAFE is measured from Friday, February 19, open to Thursday, February 25, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

### Rising Rates Derail Stocks

The 10-year Treasury yield climbed last week, from 1.34% to 1.42%, sending shudders through the stock market. While investors generally understand that economic strength may lead to higher bond yields, it was the speed at which bond yields rose that proved unsettling. Generally, when yields rise, bond prices tend to fall.<sup>4</sup>

Rising yields also drove sector rotation, with economic reopening stocks (e.g., energy, financials, and industrials) outperforming stay-at-home stocks, especially many of the big technology names.

The trend of higher yields was mitigated by testimony on Tuesday and Wednesday by Fed Chair Jerome Powell. He provided some assurances that the Fed remained committed to its current easy money policy stance.<sup>5</sup>

A surge in yields on Thursday, however, sparked a new wave of anxiety and a broad retreat that left market averages lower for the week.

### Powell Testimony Calms Investors

Concerns over rising long-term bond yields and inflationary pressures were eased by two days of testimony by Fed Chair Powell. Powell reiterated the Fed's intention to stick with its near-zero short-term interest rate policy and monthly bond purchase program until the labor market fully recovers and its inflation goals are met.

Powell dismissed market fears of accelerating inflation, noting that he did not see inflation reaching any troubling levels, declaring that any increase would be modest and transitory. He added that the Fed would likely allow inflation to spend some time above its 2% target rate. Inflation for the past eight years straight has been below that target.<sup>5</sup>

### This Week: Key Economic Data

**Monday:** Institute for Supply Management (ISM) Manufacturing Index.  
**Wednesday:** Automated Data Processing (ADP) Employment Report. Institute for Supply Management (ISM) Services Index.  
**Thursday:** Jobless Claims, Factory Orders.  
**Friday:** Employment Situation Report.

Source: Econoday, February 26, 2021  
The Econoday economic calendar lists upcoming U.S. economic data releases (including key economic indicators), Federal Reserve policy meetings, and speaking engagements of Federal Reserve officials. The content is developed from sources believed to be providing accurate information. The forecasts or forward-looking statements are based on assumptions and may not materialize. The forecasts also are subject to revision.

### This Week: Companies Reporting Earnings

**Monday:** Zoom Video Communications, Inc. (ZM).  
**Tuesday:** Target (TGT), Ross Stores, Inc. (ROST).  
**Wednesday:** Okta, Inc. (OKTA), Marvell Technology Group (MRVL), Dollar Tree, Inc. (DLTR).  
**Thursday:** Broadcom, Inc. (AVGO), Costco Wholesale Corp. (COST), Kroger (KR).

Source: Zacks, February 26, 2021  
Companies mentioned are for informational purposes only. It should not be considered a solicitation for the purchase or sale of the securities. Investing involves risks, and investment decisions should be based on your own goals, time horizon, and tolerance for risk. The return and principal value of investments will fluctuate as market conditions change. When sold, investments may be worth more or less than their original cost. Companies may reschedule when they report earnings without notice.

**Randy H. Packett**  
Chesapeake Capital Management, LLC.  
2943 Emmorton Rd  
Abingdon, MD 21009

## Food for Thought

*"It is good to have an end to journey toward, but it is the journey that matters in the end."*

— Ursula K. Le Guin

## Tax Tip

### 4 Facts About Capital Gains

When you sell a capital asset like an investment or a piece of property, the sale can result in a capital gain or loss. The IRS defines a capital asset as "most property you own for personal use or own as an investment." Here are four facts you should keep in mind:

1. A capital gain or loss is the difference between what you originally paid for the asset (your basis) and the amount you get when you sell an asset.
2. You must include all capital gains in your income and you may be subject to the Net Investment Income Tax if your income is above certain amounts. Consult a qualified tax expert for help.
3. The IRS allows you to deduct capital losses on the sale of investment property. You cannot deduct losses on the sale of property that you hold for personal use.
4. If your total net capital loss is more than the limit you can deduct, you can carry it over to next year's tax return.

\* This information is not intended to be a substitute for specific individualized tax advice. We suggest that you discuss your specific tax issues with a qualified tax professional.

Tip adapted from IRS.gov<sup>6</sup>

## Healthy Living Tip

### Finding Inner Peace Inside (and Indoors)

Practiced for thousands of years, yoga has had a revival in the last couple decades. Yoga can be an optimal exercise choice for many individuals of all ages. But before getting started with any fitness regimen, make sure to discuss any medical concerns with your healthcare provider; this information is not a substitute for medical advice.

While there are many different styles of yoga, generally speaking, yoga is a low-impact form of exercise. But in addition to the fitness benefits, it can help you learn relaxation and breathing techniques as well as how to regulate emotions and quiet your mind. It's also a great form of exercise to do indoors, and there are thousands of free classes on YouTube So, if you're still enduring the remnants of winter, you can practice "quieting your inner monologue, doing yoga from the comfort of your own home.

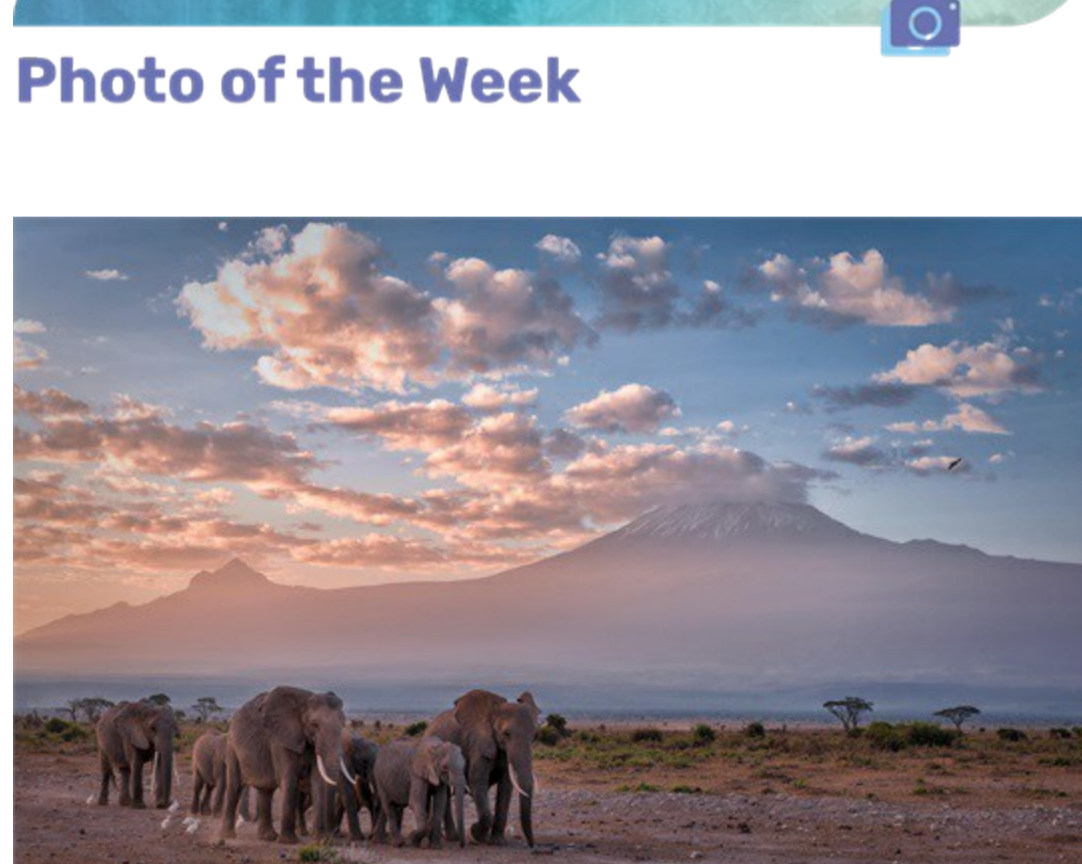
Tip adapted from Healthline.com<sup>7</sup>

## Weekly Riddle

A woman walking along a canal sees a boat full of people, yet there isn't a single person on board. How could this be?

*Last week's riddle: What appears once in a minute, twice in a moment, but never in a decade? Answer: The letter M.*

## Photo of the Week



Elephants at sunrise near Mt. Kilimanjaro, Tanzania.

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## Footnotes and Sources

1. The Wall Street Journal, February 26, 2021
2. The Wall Street Journal, February 26, 2021
3. The Wall Street Journal, February 26, 2021
4. U.S. Department of the Treasury, February 26, 2021
5. The Wall Street Journal, February 24, 2021
6. IRS.gov, October 14, 2020
7. Healthline.com, September 23, 2020

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The Dow Jones Industrial Average is an unmanaged index that is generally considered representative of large-capitalization companies on the U.S. stock market. Nasdaq Composite is an index of the common stocks and similar securities listed on the NASDAQ stock market and is considered a broad indicator of the performance of technology and growth companies. The MSCI EAFE Index was created by Morgan Stanley Capital International (MSCI) and serves as a benchmark of the performance of major international equity markets, as represented by 21 major MSCI indexes from Europe, Australia, and Southeast Asia. The S&P 500 Composite Index is an unmanaged group of securities that are considered to be representative of the stock market in general.

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International investments carry additional risks, which include differences in financial reporting standards, currency exchange rates, political risks unique to a specific country, foreign taxes and regulations, and the potential for illiquid markets. These factors may result in greater share price volatility.

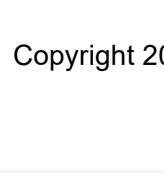
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info@chesapeakecm.com  
4106712260  
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