

Good morning!

Many stock investors believe the progress the United States has made in distributing COVID-19 vaccines will have a positive impact on economic growth domestically. With just 3 trading days remaining in the 1st quarter of 2021, the S&P 500 is up +6.2% YTD (total return) through the close of trading as of last Friday 3/26/21. The index, created in 1957, has achieved 15 record closing highs this year, including its latest just last Friday (source: BTN Research).

Higher income taxes are likely coming. President Joe Biden, speaking on a morning TV show on 3/17/21, said that “anybody making more than \$400,000 will see small-to-a-significant tax increase.” Treasury Secretary Janet Yellen, in an appearance before the House Financial Services Committee on 3/23/21, said that it was critical to “raise revenues in a fair way” to fund infrastructure to create jobs (source: White House).

The annual budgetary process starts with the president submitting to Congress a “budget request.” The Biden White House reported it will release some of its fiscal year 2022 (i.e., the 12 months from 10/01/21 to 9/30/22) budget numbers this week. The estimated \$5 trillion of annual outlays of the federal government for fiscal year 2022 are expected to be split 62% for mandatory spending (e.g., Social Security, Medicare and Medicaid), 30% for discretionary spending (e.g., defense, education, border security) and 8% for interest expense on the national debt (source: Tax Policy Center).

### **Notable Numbers for the Week:**

1. **HAVE KIDS, GET MONEY** - An estimated 40% of the 126 million households in the United States have children under the age of 18, or 50 million households. An estimated 90% of the 50 million households (45 million) will qualify for the expanded Child Tax Credit (CTC) per the American Rescue Plan Act of 2021. The new CTC could pay \$300 per month per child under age 6 and \$250 per month per child between ages 6-17 beginning 7/01/21. Please consult a tax expert for details (source: Tax Policy Center).
2. **THEY'LL SPEND IT SOMEWHERE** - American consumers spent \$2.81 trillion on foreign imports of goods and services in calendar year 2020. American consumers are forecasted to receive \$800 billion in the form of stimulus payments, unemployment benefits and child tax credits through the American Rescue Plan Act of 2021, and then turn around and spend \$360 billion of the \$800 billion on foreign imports. Chinese companies are predicted to sell Americans \$60 billion of the \$360 billion (source: Allianz).
3. **TWO SUPERPOWERS** - The United States and China makes up 40% of the world's gross domestic product (source: Barclays Investment Bank).
4. **WOMEN RULE** - The 17.8 million college students who enrolled in the fall of 2020 were split 41% male and 59% female. 17.8 million students are down just 2.5% from the 18.2 million students who enrolled in the fall of 2019 (source: National Student Clearinghouse Research Center).

Securities offered through Kestra Investment Services, LLC (Kestra IS), a member FINRA/SIPC. Investment advisory services offered through Kestra Advisory Services, LLC (Kestra AS), an affiliate of Kestra IS. Levine Group, LLC is not affiliated with Kestra IS or Kestra AS.

<https://www.kestrafinancial.com/disclosures>

This material represents an assessment of the market and economic environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. Forward-looking statements are subject to certain risks and uncertainties. Actual results, performance, or achievements may differ materially from those expressed or implied. Information is based on data gathered from what we believe are reliable sources. It is not guaranteed by Kestra IS or Kestra AS, as to accuracy does not purport to be complete and is not intended to be used as a primary basis for investment decisions. It should also not be construed as advice meeting the particular investment needs of any investor. The indices mentioned are unmanaged and cannot be directly invested into. Past performance does not guarantee future results. The S&P 500 is an unmanaged index of 500 widely held stocks that is generally considered representative of the US stock market. Copyright © 2021 Michael A. Higley. All rights reserved.

03/29/21 Monday