

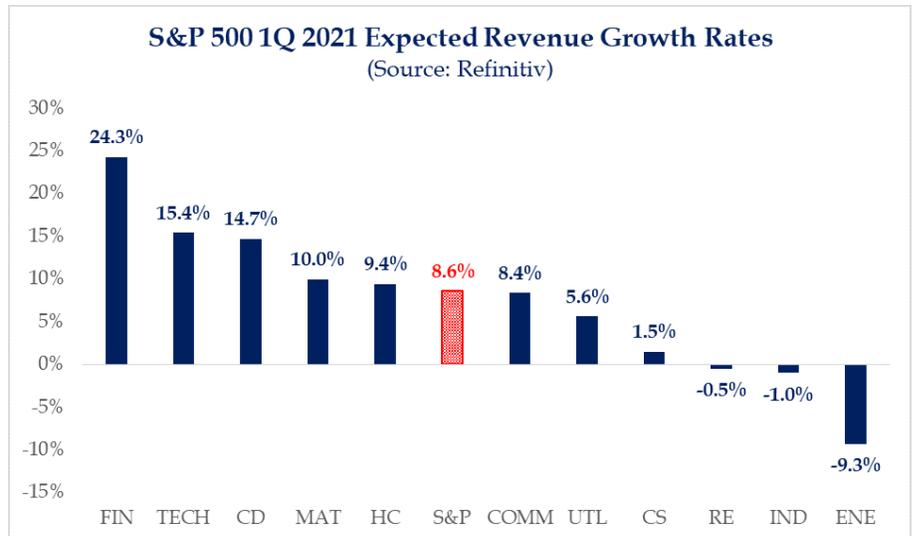
# Strategas Daily Macro Brief

Prepared by Strategas Securities, a Baird Company

March 22, 2021

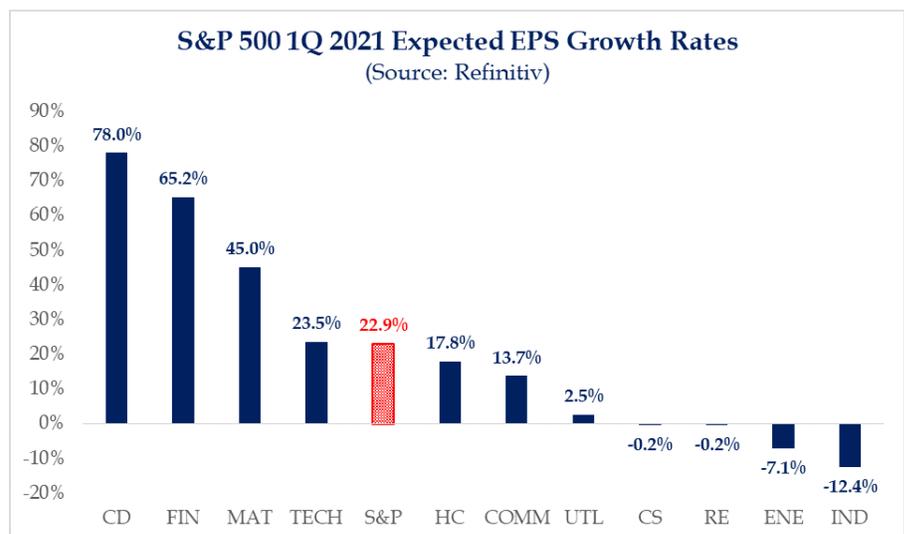
## REVENUE GROWTH EXPECTATIONS FOR 1Q EARNINGS SEASON ARE 8.6%

With the 4th quarter reporting season completed, attention is turning to the first-quarter estimates, where revenue expectations are quite strong. It is worth keeping in mind that a portion of the reason for elevated expectations is due to the economy's closing in the first quarter of last year. As it stands now, the financials are set to see top-line growth of 24%, with the S&P up 8.6%.



## EARNINGS GROWTH ESTIMATED TO BE GREATER THAN 20%

In the last several quarters, we have felt that earnings growth expectations are overly pessimistic. While 20% growth seems like an optimistic estimate, the year-over-year comparisons are against a quarter where much uncertainty sank in. It would not shock us to see companies surprise to the upside again this quarter, similar to what occurred as the U.S. emerged from the financial crisis.

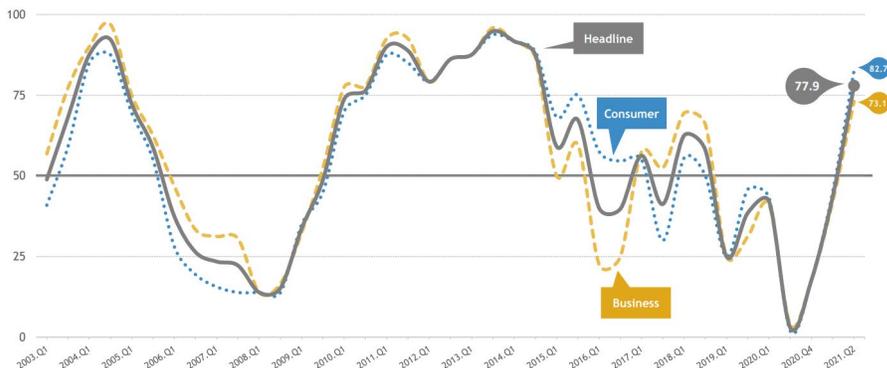


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### CREDIT CONDITIONS ARE STRONGEST IN YEARS

Last week, the American Banks Association released its Credit Conditions Index. With additional stimulus on the horizon, the report showed that credit quality and availability expectations improved for both consumers and businesses. The headline credit index surged more than 34 points to 77.9, its highest reading since mid-2014 and the biggest single-quarter increase in the Index's history.

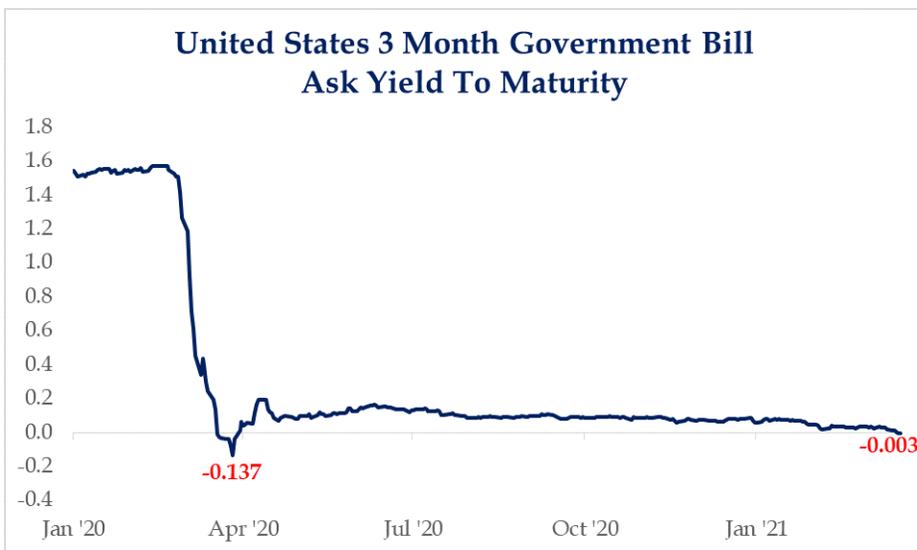
CREDIT CONDITIONS INDEX: HISTORICAL SERIES



### 3-MONTH TREASURY BILLS TURN NEGATIVE

Last Friday, the ask-yield for the 3-month Treasury bill turned negative, which we thought was noteworthy. While this has occurred in the past, we believe it is worth watching since historically, the 3-Month Treasury bill has a 0.99 correlation with the Fed Fund rate. An extended period of negative rates may lead to a change in the Interest Rate on Excess Reserves as well.

United States 3 Month Government Bill Ask Yield To Maturity



## APPENDIX – IMPORTANT DISCLOSURES

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