Weekly Update
Stocks Shine on Brighter Outlook
April 2, 2021

The Economy

- U.S. equities registered positive performance during the week ending April 1, largely due to rebounding technology stocks. Robust economic growth amid widespread vaccinations, along with positive earnings expectations, should provide a tailwind for stocks in the near term.
- The U.S. economy added 916,000 jobs in March, far exceeding forecasts as states removed social-distancing restrictions and Americans received COVID-19 vaccinations at a faster rate. Jobs growth is expected to strengthen on potential additional government stimulus measures.
- Consumer confidence surged from a three-month high of 91.3 in February to a one-year high of 109.7 in March on optimism about the job market and more fiscal stimulus, according to the Conference Board. The reading also indicated expectations that business conditions and the public health situation will improve in the near term.
- The U.S. housing market remained strong in January, growing by 1.2% for the month and by 11.1% year over year, as measured by the S&P CoreLogic Case-Schiller Home Price Index. Near-record-low mortgage rates have increased purchasing power for homebuyers.
- Manufacturing activity in the U.S. pushed further into expansion territory during March, as measured by the Markit manufacturing purchasing managers' index (PMI), which advanced from 58.6 to 59.1. The Institute for Supply Management (ISM) also reported accelerating manufacturing growth with the reading lifting from 60.8 to 64.7 in March. Manufacturing accounts for approximately 11.9% of the U.S. economy.
- Construction spending fell by 0.8% in February, the first monthly decline in nine months. Residential expenditures slid by 0.2% during the period, while spending on nonresidential construction deteriorated by 1.3%. The decline in spending was attributed to an unseasonably cold month and weak outputs on private and public expenditures. The decline is expected to be transient—strong demand for new housing should continue to bolster residential construction activity.
- Initial jobless claims remained below historic highs during the week ending March 27, but increased by 61,000 to 719,000—inflating from their lowest level in approximately one year. Warmer weather and vaccine distribution are expected to promote job growth later in the spring.
- Mortgage-purchase applications fell by 2.2% for the week ending March 26. In the same period, refinancing applications fell by 3.0% and the average interest rate on a 30-year fixed-rate mortgage inched higher from 3.17% to 3.18%. Higher mortgage rates have hurt the refinancing market in recent weeks.
- Retail sales in Japan moderated by 1.5% in February. In January, the country introduced a state of emergency in an effort to curb the spread of the virus, which severely hurt consumer spending.
- Manufacturing activity in the U.K. slid deeper into expansion territory in March, as measured by the Markit manufacturing PMI, rising from 55.1 to 58.9. Manufacturing orders rallied in anticipation of an easing of lockdown restrictions.

Stocks

- Global equity markets closed higher for the week. Emerging markets led developed markets.
- U.S. equities were in positive territory. Information technology and telecommunications were the top performers, while utilities and consumer staples lagged. Growth stocks led value, and small caps beat large caps.

Bonds

- The 10-year Treasury bond yield moved higher to 1.67%. Global bond markets were in negative territory this week. High-yield bonds led, followed by global corporate bonds and global government bonds.

The Numbers as of April 1, 2021	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI ($)	2.5%	5.3%	59.7%	680.5
MSCI EAFE ($)	1.1%	3.3%	46.2%	2219.1
MSCI Emerging Mkts ($)	3.6%	3.4%	61.4%	1335.2
U.S. & Canadian Equities				
Dow Jones Industrials ($)	1.6%	8.3%	58.3%	33153.2
S&P 500 ($)	2.8%	7.0%	62.7%	4019.9
NASDAQ ($)	3.9%	4.6%	83.1%	13480.1
S&P/ TSX Composite (C$)	1.8%	8.9%	47.5%	18990.3
U.K. & European Equities				
FTSE All-Share (£)	1.2%	4.8%	28.7%	3849.2
MSCI Europe ex UK (€)	2.2%	8.6%	41.5%	1556.2
Asian Equities				
Topix (¥)	0.1%	8.5%	44.9%	1957.6
Hong Kong Hang Seng ($)	3.7%	6.3%	25.4%	28938.7
MSCI Asia Pac. Ex-Japan ($)	3.0%	3.8%	59.9%	687.4
Latin American Equities				
MSCI EMF Latin America ($)	1.3%	-7.0%	51.3%	2280.7
Mexican Bolsa (peso)	0.5%	7.2%	40.2%	47246.3
Brazilian Bovespa (real)	1.3%	-3.2%	62.4%	115253.3
Commodities ($)				
West Texas Intermediate Spot	5.1%	26.6%	202.6%	61.5
Gold Spot Price	-0.1%	-8.9%	9.0%	1726.0
Global Bond Indexes ($)				
Barclays Global Aggregate ($)	-0.3%	-4.3%	4.8%	534.8
JPMorgan Emerging Mkt Bond	-0.1%	-4.4%	16.1%	892.8
10-Year Yield Change (basis points*)				
US Treasury	4	76	109	1.67%
UK Gilt	7	60	48	0.79%
German Bund	6	24	13	-0.33%
Japan Govt Bond	3	9	10	0.11%
Canada Govt Bond	4	83	90	1.51%
Currency Returns**				
US$ per euro	0.1%	-3.6%	7.4%	1.178
Yen per US$	1.3%	7.1%	3.2%	110.62
US$ per £	0.7%	1.2%	11.8%	1.383
C$ per US$	-0.5%	-1.4%	-11.6%	1.255

Source: Bloomberg. Equity-index returns are price only, others are total return. *100 basis points = 1 percentage point. **Increases in U.S. dollars (USD) per euro or pound indicate a decline in the value of the USD; increases in yen or Canadian dollars per USD indicate an increase in the value of the USD.

Index returns are for illustrative purposes only and do not represent actual investment performance. Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged, and one cannot invest directly in an index. Past performance does not guarantee future results.

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