

March 17, 2021

Happy St. Patrick's Day!

Stocks rallied sharply last week on news of solid employment data and relatively benign inflation numbers. It's too early to predict how long the "vaccine rally" will continue, but it's clear that some animal spirits are returning to the economy. Markets are currently waiting for comments from the Federal Reserve which concludes their two-day meeting this afternoon. The Fed has historically raised obscurity to an art form. They are most likely to maintain their current policy of keeping interest rates low for an extended period. Their focus is on employment, not inflation.

It was a year ago yesterday (March 16, 2020) that the Dow Jones Industrial average plunged 3,000 points, or nearly 13%, in a single day. The early stages of the pandemic shutdown remain a vivid memory for market watchers. The subsequent decline in economic activity and corporate profits were stunning. We've seen a significant recovery off the lows and that will make for some easy comparisons to year-over-year performance data. For example, the aggregate earnings per share of the companies in the S&P 500 in the 1st quarter 2021 are forecasted to be +21.5% greater than the actual aggregate earnings per share of the S&P 500 companies from the 1st quarter 2020 (source: FactSet). Remember that the pandemic shutdown created self-inflicted damage and was not caused by underlying financial or economic causes. That led to the sharp recovery later in 2020.

Baseball season is just around the corner and here's an interesting bit of trivia. Both Cecil Fielder (who played 13 MLB years) and his son Prince Fielder (who played 12 MLB years) each hit 319 home runs in their respective major league baseball careers (source: MLB). It's weird because I have three sons and we all have the same number of major league home runs, as well! Speaking of sons, our youngest turns 25 years old today. We normally have a parade in his honor with silly outfits and green beer, but we're going to wait till next year.

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As always, if you would like to discuss this or anything regarding current market conditions or your portfolio, feel free to contact me at any time.

Enjoy your week!

*Wade*

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