



March 2021

Market Update

(all values as of
02.26.2021)

Stock Indices:

Dow Jones	30,932
S&P 500	3,811
Nasdaq	13,192

Bond Sector Yields:

2 Yr Treasury	0.14%
10 Yr Treasury	1.44%
10 Yr Municipal	1.12%
High Yield	4.37%

YTD Market Returns:

Dow Jones	1.06%
S&P 500	1.47%
Nasdaq	2.36%
MSCI-EAFE	0.99%
MSCI-Europe	0.78%
MSCI-Pacific	1.36%
MSCI-Emg Mkt	3.72%

US Agg Bond	-2.17%
US Corp Bond	-2.98%
US Gov't Bond	-2.80%

Commodity Prices:

Gold	1,733
Silver	26.70
Oil (WTI)	61.66

Currencies:

Dollar / Euro	1.21
Dollar / Pound	1.41
Yen / Dollar	106.10
Dollar / Canadian	0.79

Macro Overview

Stimulus payments from the second pandemic relief package were received in January and February, stirring economic activity and increasing personal incomes and expenditures. Some economists, however, believe that the rise in incomes and expenditures are short lived and not consistent. An anticipated third round of stimulus payments is expected to produce additional consumer activity throughout the economy. In addition to cash payments, extended unemployment benefits as well as revised funding for small businesses are planned.

Continued optimism surrounding vaccinations and stimulus funds reaching consumers propelled growth estimates higher along with inflationary expectations. Inflation has become a key concern among economists and market analysts as rising interest rates and elevated food prices have taken hold. Historically, rising interest rates have been symbolic of improving economic activity while higher prices for goods and services are considered inflationary.

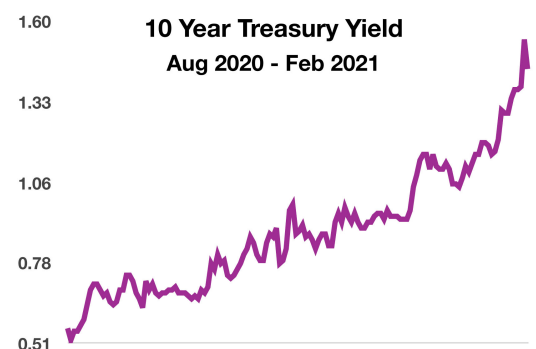
Over 72.8 million Americans have received a COVID-19 vaccination as of the end of February as reported by the Centers for Disease Control and Prevention (CDC). Those having been vaccinated with a first dose made up 14.6% of the U.S. population as of Feb 27th, with 7.1% having received a second dose. The recent approval of a single dose vaccination may help speed up the vaccination process for millions of Americans over the next few months.

The IRS began accepting and processing tax returns for tax year 2020 in February, later than usual because of delays related to pandemic relief programs executed in December. Taxpayers have so far flooded the IRS with returns eager to receive delayed tax refunds.

Meme stocks, also known as stocks influenced by rapid communication by online users and traders, gyrated dramatically in February as speculation drove trading volume. Traditional stock traders have scrutinized the recent phenomenon as a fad induced by speculative behavior.

Pentagon officials mentioned that roughly a third of all U.S. troops that have been offered the COVID-19 vaccination have declined it. Vaccinations are still voluntary for military personnel, but may eventually become mandatory as the FDA approves additional vaccines.

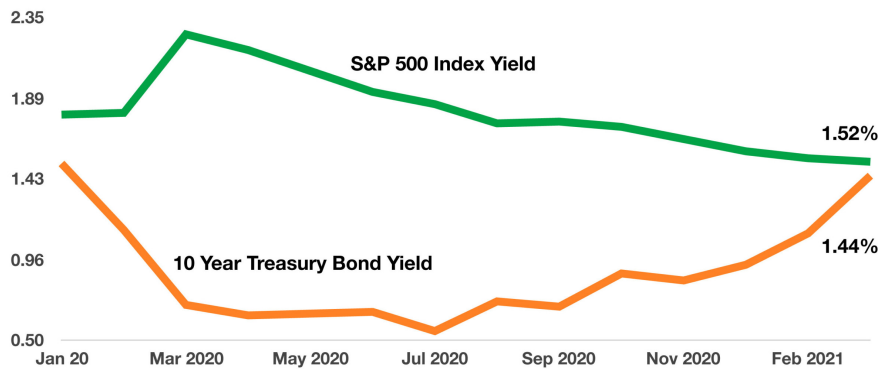
Rising rates in February affected mortgage and various consumer loans as the yield on the 10- year Treasury bond surpassed 1.5%, nearly three times the yield from its low of 0.52% in August 2020. The 10-year Treasury bond yield is closely followed by markets as a gauge for inflation and the possible presence of any economic expansion. (Sources: CDC, defense.gov, U.S. Dept of Agriculture, Treasury, Fed)





Yields Approach An Inflection Point – Equity Overview

Despite a sell off in equity markets towards the end of February, equity indices managed to post a gain for the month, with energy and commodities leading.



A rapid rise in interest rates over the past few weeks elevated the yield on the 10-year U.S. Treasury bond to 1.60% in February, eclipsing the yield on the S&P 500 Index of 1.53%. When the yield on the 10-year

Treasury surpasses that of the S&P 500 Index, it is known as an inflection point affecting further demand for stocks. (Sources: Treasury, Federal Reserve, Bloomberg)

Fed Continues To Stabilize Interest Rates By Buying Bonds – Fixed Income Overview

The Federal Reserve signaled that it would continue its ambitious program of buying \$120 billion of treasury and mortgage bonds each month. The bond buying is meant to provide economic stimulus and stabilize interest rates.

Bond analysts believe that the Fed is distorting bond yields and prices by its ambitious buying of Treasury and mortgage bonds in the markets. Some argue that bond yields as well as inflationary expectations may actually be higher without any of the Federal Reserve's supportive purchases of bonds. This is why markets are carefully monitoring Fed comments regarding continued bond purchases.

Mortgage rates and consumer loan rates rose in February as the yield on the 10-year Treasury bond reached 1.6% in trading during February. The rapid rise in yields has also affected other sectors of the bond market including municipals, corporate and mortgage backed securities. (Sources: Federal Reserve, U.S. Treasury)

How Stimulus Payments Are Treated For Tax Purposes & What To Do If You Didn't Get One – Tax Planning

With over 160 million stimulus payments sent with the first round of pandemic relief efforts, many in receipt of the payments are asking whether the payments are taxable or not. The IRS has clearly stated that stimulus payments, regardless of income or status, are not taxable.

For those that did not receive a stimulus payment in 2020 but believe that they were due one, a filing for the Recovery Rebate Credit can be done. In essence, anyone who didn't get a check can request a tax credit for the amount owed. A tax credit is considered better than a tax deduction since a tax credit directly credits, or reduces, taxes owed. For example, if someone was due a \$600 stimulus payment and never received it, then they can claim that \$600 as a credit against any taxes owed. In order to calculate and determine eligibility for the credit, the IRS has created a Recovery Rebate Credit page available at <https://www.irs.gov/newsroom/recovery-rebate-credit>. (Source: IRS.gov)

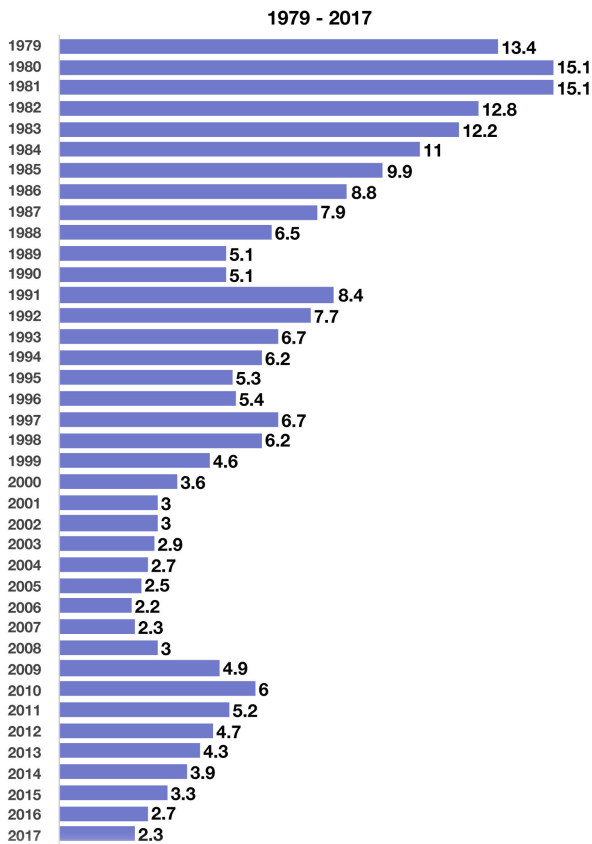


Those Earning Minimum Wage Have Been Trending Lower Over The Years – Labor Market Overview

Data from the U.S. Department of Labor covering 38 years show that the average annual percentage of workers earning minimum wage is 6%. The data reveals that the trend is a decreasing percentage of workers earning minimum wage with the most recent data show that only 2.3% of all workers were earning minimum wage, almost a third of the 38-year average.

For over 82 years, workers in the United States have been granted a minimum wage level for their benefit. An initial attempt to establish a minimum level for wages occurred in 1933, when a depression era mandate set a wage minimum at 25 cents per hour (\$4.10 in 2012 dollars). The National Industrial Recovery Act, which was the act that the initial wage evolved from, was declared unconstitutional by the Supreme Court in 1935.

Percentage of Workers Earning Minimum Wage



There are 25 states that are raising minimum wage rates in 2021, with some effective on January 1, 2021, while others effective later on in the year. Current congressional deliberations are considering raising the federal minimum wage to \$15 per hour, more than double the current rate of \$7.25 per hour. (Source: U.S. Department of Labor)

Taxpayer Scam During Tax Time – Consumer Tax Awareness

The IRS has issued an alert regarding scam phone calls directly to taxpayers nationwide. The calls may be in person or via ‘robocalls’. Scammers claim that delinquent taxes are owed and that payment must be made or the taxpayer’s social security number will be suspended or canceled. The IRS advises that when in doubt, immediately hang up and ignore the call.

Taxpayers should not disclose any sensitive information to unknown callers, including social security numbers, bank accounts, age,

birthdate or formal name. The IRS and its authorized private collection agencies will never:

- Call to demand immediate payment via debit card, gift card, or wire transfer;
- Ask for payments to be made to an entity other than the U.S. Treasury;
- Threaten to inform local police or law enforcement to have taxpayers arrested for not paying;
- Demand taxes paid with no opportunity to question or appeal the amount owed;

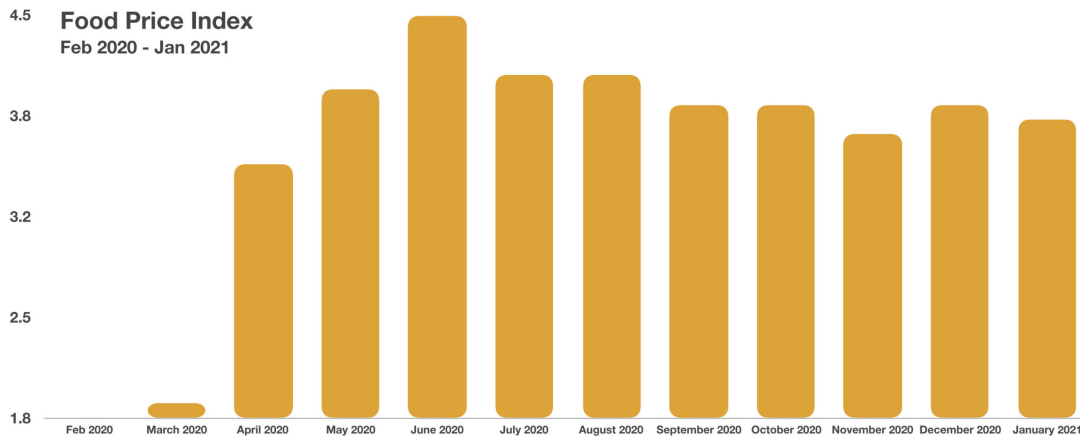
For information regarding any taxes owed as well as the authenticity of an unknown call, the IRS recommends you call them directly at 800.829.1040. (Source: IRS.gov)



Food Prices On The Rise – Consumer Inflation

The price of food, from oranges to eggs to meat, increased at an annual rate of 3.9% in 2020 according to the Bureau of Labor Statistics. Prices are projected to increase 2-3% in 2021 as forecast by the U.S. Department of Agriculture. The 20-year historical average increase has been a 2.4% increase per year.

Of the various food items seeing higher prices, meat has been exhibiting the greatest increase. Causes behind the jump in meat prices have been packing plant disruptions due to the pandemic.



COVID-19 has also upended global food supply chains with delayed transportation and a lack of workers that have fallen ill to COVID-19. Rising commodity prices such as corn and wheat have added to higher feed costs for cattle, chickens and hogs worldwide, three of the largest meat products. Severe weather in various continents has devastated feed crops and created shortages in addition to pandemic related challenges. (Sources: UN Food & Agriculture Organization, U.S.D.A., BLS, U.S. department of Agriculture)

Where Has The Flu Gone This Season – Health Awareness

With the focus on COVID-19 and the daily updates surrounding the case count for the coronavirus, many have forgotten about the decades old flu, also known as the influenza virus. Surprisingly enough, the flu has nearly vanished this flu season, with reports of flu cases the lowest in decades. February saw one of the lowest case counts of flu cases ever, even though the Centers for Disease Control and Prevention (CDC) says that February has historically been the peak of almost all prior flu seasons.

Medical experts believe that measures put in place to fend off the coronavirus may have also fended off the flu virus. Mask wearing, social distancing, working from home, and virtual schooling have all helped prevent the spread of both COVID-19 and the flu. Flu cases have also been at record low levels globally, including in China, Europe, South Africa and Australia.

The CDC estimates that of the 190 million flu vaccines distributed this season, the infection rates are so low that it makes it very difficult to determine which flu strains are actually circulating and infecting people. Data for the 2020-2021 flu season haven't been compiled yet by the CDC due to the lack of flu related cases. (Source: Centers for Disease Control and Prevention)