

## OBSERVATIONS

- COVID-19: New Moderna data shows its vaccine remains stable at normal refrigerator temperatures for 3 months. The FDA is required to authorize the new storage temperatures, which would aid in distribution.<sup>1</sup>
- Regional bank M&A continues as New York Community Bank acquired Michigan based Flagstar Bank in a \$2.6bn deal.<sup>2</sup>
- The 'FAANG' stocks (Facebook, Apple, Amazon, Netflix, and Google) beat revenue estimates for Q1 by +8.4%, the largest margin of surprise ever for the group.<sup>2</sup>
- Domestic Bank earnings: All 24 members of the KBW Bank Index reported Q1 earnings that beat consensus estimates – the first time since 2010.<sup>2</sup>
- U.S. GDP grew at an annualized rate of 6.4% in the first quarter supported by personal consumption which rose +10.7%, also on an annualized basis (*see chart of the week on import growth*). The inflation adjusted value of GDP reached \$19.1tn, approaching the pre pandemic peak of \$19.3tn.<sup>2</sup>
- Meanwhile, Eurozone GDP contracted in the first quarter, following a contraction in GDP in Q4 of last year.<sup>3</sup>
- Caterpillar (CAT) becomes most recent large company (joining Honda, BMW, Ford, Apple, and Samsung) to express concerns over chip shortages. CAT CFO noted that the big machinery company may not meet end-user demand due to chip shortages.<sup>2</sup>
- The S&P 500 closes out Biden's first 100 days by gaining +8.98%, marking the strongest first 100 days for a president since Roosevelt in 1933.<sup>4</sup>
- Jobless claims continue to drift lower, 4-week moving average now sits at 611k.<sup>2</sup>
- Copper reached \$10,008 a metric ton, approaching all-time highs of \$10,190 reached in February 2011.<sup>2</sup>

## EXPECTATIONS

- The Federal Reserve maintained its policy stance, keeping its primary interest rate at zero while maintaining a \$120bn monthly bond buying pace – the decision was unanimous.<sup>2</sup>
  - Recent Bloomberg survey of 49 economists showed that nearly half (45%) believe that the Federal Reserve will begin to taper its massive \$120bn bond buying program in the fourth quarter of 2021.<sup>2</sup>
  - During the Q&A session following the Fed's decision to stay steady, Fed Chair Powell reiterated that it is still premature time to be discussing scaling back the Fed's quantitative easing programs.<sup>2</sup>
- State-level elections have concluded in India and results will be announced in early May, but exit polls suggest a good showing for PM Modi's ruling BJP party in key races. The final weeks of the campaign and the vote took place among an unprecedented spike in daily Covid-19 cases in India.<sup>5</sup>

## ONE MORE THOUGHT<sup>6</sup>

Last week's release of results from the 2020 decennial census provides a glimpse into the evolution of the country's population growth (among other things). The decennial census has been conducted every ten years (ending in zero) since 1790 as required by the U.S. Constitution (Article 1, Section 2). The 2020 census highlighted that the 2010s had the second lowest population growth (7.4%) in the nation's history (thanks to a combination declining birth rates,

<sup>1</sup> <https://www.cnbc.com/2021/04/29/moderna-covid-vaccine-can-remain-stable-at-refrigerated-temps-for-3-months.html>

<sup>2</sup> Bloomberg LP

<sup>3</sup> <https://ec.europa.eu/eurostat/documents/2995521/11563071/2-30042021-BP-EN.pdf/bf5d61eb-d36f-7fb4-97c8-a9ac2ae134cc?t=1619776447550>

<sup>4</sup> [https://www.wsj.com/articles/stocks-are-off-to-best-start-to-a-presidential-term-since-great-depression-11619688780?mod=hp\\_lead\\_pos5](https://www.wsj.com/articles/stocks-are-off-to-best-start-to-a-presidential-term-since-great-depression-11619688780?mod=hp_lead_pos5)

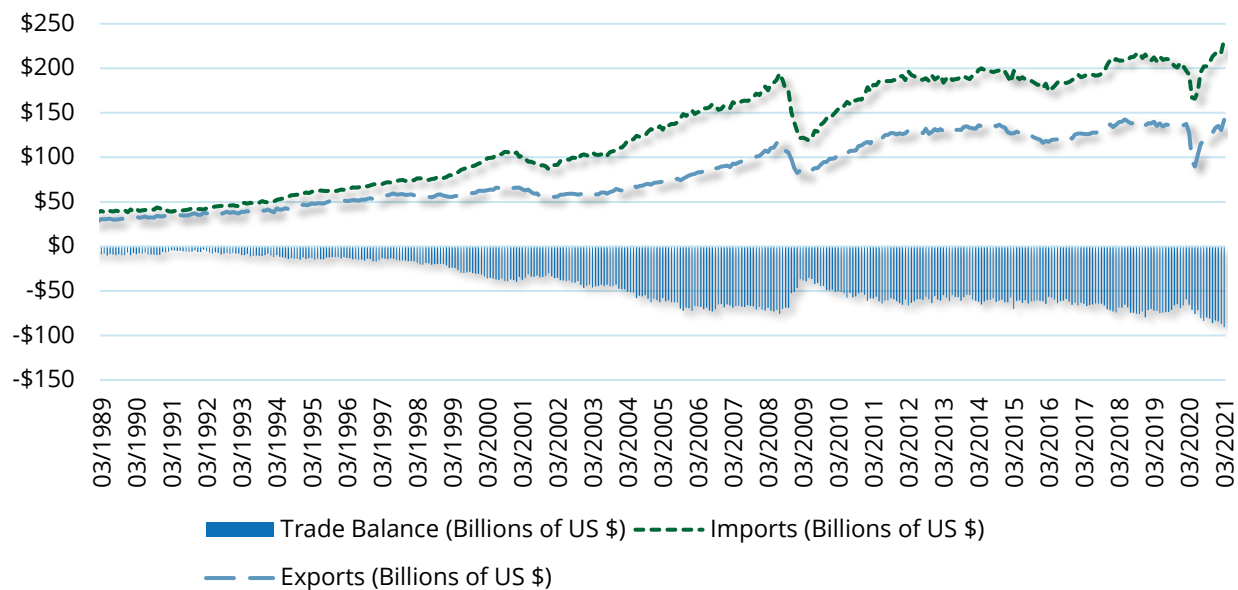
<sup>5</sup> <https://timesofindia.indiatimes.com/india/west-bengal-exit-poll-2021-results-live-updates/liveblog/82301468.cms>

<sup>6</sup> <https://www.brookings.edu/research/census-2020-data-release/>, [https://www.census.gov/history/www/programs/demographic/decennial\\_census.html](https://www.census.gov/history/www/programs/demographic/decennial_census.html), <https://www.census.gov/data/tables/time-series/dec/popchange-data-text.html>, <https://www.census.gov/data/tables/time-series/dec/apportionment-data-text.html>

higher death rates, and lower immigration levels), the 1930s held the lowest population growth at 7.3%. *One could argue that the depression and great financial crisis were both formative events as it relates to the subsequent declines in population growth over those two decades.* The census is the mechanism – as constitutionally mandated – for the apportionment of the 435 members of the House of Representatives based on population. The 2020 census will result in a change of 7 total seats, the lowest change in seats since 1920 when the house moved to 435 seats. States gaining seats: Texas +2, Florida +1, Colorado +1, Montana +1, Oregon +1, North Carolina +1. States losing seats: California -1, Illinois -1. Michigan -1, New York -1, Ohio -1, Pennsylvania -1, West Virginia -1. This is the first time California has lost a seat from reapportionment. Additionally, many of the changes could be seen as favoring Republicans in future elections, however, demographic shifting in these states will likely play a significant role. Other interesting data show the Northeast and the Midwest now account for 38% of the nation’s population, the lowest since 1920.

**CHART OF THE WEEK**

**Record Trade Deficit**



Source: Bloomberg LP, Clearstead, data as of 30-April

The Commerce Department released trade related data last week which highlighted the recent surge in trade. Imports rose to \$232.6bn, a new high, while exports rose to \$142.0bn, the highest level since 2018. The net effect of which results in a fresh record trade deficit (imports minus exports) of nearly -\$91bn.

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as of: 4/30/2021

	<u>1-Month</u>	<u>Quarter-to-Date</u>	<u>Year-to-Date</u>	<u>1 Year</u>
<b><u>U.S. Equity Markets</u></b>				
Index				
DJIA	2.8%	2.8%	11.3%	42.1%
S&P 500	5.3%	5.3%	11.8%	46.0%
Russell 2000	2.1%	2.1%	15.1%	74.9%
Russell 1000 Growth	6.8%	6.8%	7.8%	51.4%
Russell 1000 Value	4.0%	4.0%	15.7%	45.9%
<b><u>International Equity Markets</u></b>				
Index				
MSCI ACWI ex USA	2.9%	2.9%	6.5%	43.0%
MSCI EAFE	3.0%	3.0%	6.6%	39.9%
MSCI Emerging Markets	2.5%	2.5%	4.8%	48.7%
MSCI EAFE Small Cap	4.0%	4.0%	8.7%	52.6%
<b><u>Fixed Income Markets</u></b>				
Index				
BarCap US Aggregate	0.8%	0.8%	-2.6%	-0.3%
BarCap Global Aggregate	1.3%	1.3%	-3.3%	3.9%
BarCap US High Yield	1.1%	1.1%	1.9%	19.7%
JPM Emerging Market Bond	1.9%	1.9%	-2.9%	14.0%
BarCap Muni	0.8%	0.8%	0.5%	7.7%

Source: Clearstead, Bloomberg LP, Performance data shown represents past performance. Past performance is not indicative of future results. Current performance data may be lower or higher than the performance data presented.