



MARCH 2021 MARKET COMMENTARY

Volatility remained a bit elevated during February, but the broad equity markets pushed higher with the Standard and Poor's 500 rising 2.8% during the month. Small caps and value continue to outpace year to date. While we continue to believe that this trend will continue this year, we continue to stress the importance of remaining diversified across growth, value, sector, and size.

Rates have pushed higher on inflation concerns with the benchmark 10-year Treasury returning to pre-pandemic levels, putting pressure on bond markets. The rising longer-term rates, inflation concerns, and jobs reports also added to volatility in equity markets during the month. While rising longer term rates have spooked the market due to inflation concerns, we believe that rates ticked higher for the right reasons. Rates are rising due to improving economic data, an improved outlook on corporate profits, the rising inflation expectations (remember, some inflation is healthy), and increasingly positive data related to COVID-19 vaccinations. We are closely monitoring these indicators in the coming weeks.

In the continued improvement in the fight against COVID-19, Johnson and Johnson received emergency use approval for a single-shot vaccine. They will be shipping 24 million total doses by the end of March. President Biden has also announced that the US has secured enough doses to vaccinate all American adults by the end of May. While the roll-out of vaccinations has been slower than expected and had its challenges, we are hopeful that we are moving in the right direction and there is a light at the end of the tunnel bringing us closer to a more "normal course of daily living."

Finally, we remain cautiously optimistic for the markets as extremely accommodative monetary and fiscal policies should continue to help to support markets ([see our 2021 Market Outlook](#)). However, this is not to say that we do not expect added volatility along the way.

As we saw bedrock financial principles reward patience in an extremely volatile 2020, we continue to urge investors to take the headline noise out of the equation and remain committed to their long-term financial plans. As always, please do not hesitate to contact us with any questions that you may have.

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Data sources: Economic: Based on data from U.S. Bureau of Labor Statistics (unemployment, inflation); U.S. Department of Commerce (GDP, corporate profits, retail sales, housing); S&P/Case-Shiller 20-City Composite Index (home prices); Institute for Supply Management (manufacturing/services). Performance: Based on data reported in WSJ Market Data Center (indexes); U.S. Treasury (Treasury yields); U.S. Energy Information Administration/Bloomberg.com Market Data (oil spot price, WTI Cushing, OK); www.goldprice.org (spot gold/silver); Oanda/FX Street (currency exchange rates).

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