



## April 2021: Market Review

Global equities posted gains in April due to strong first quarter earnings and improving economic data. 80% of the companies in the S&P 500 that have reported first quarter earnings have met or beaten analysts' expectations. The advance estimate of real GDP growth in the first quarter was +6.4% as the fiscal stimulus packages have boosted consumer spending and confidence. Stocks hit new highs in April as the S&P 500 Index ended the month with a gain of +5.3%. The NASDAQ Composite added +5.4% and the Dow Jones Industrial Average rose +2.8%.

The number of coronavirus cases in the U.S. continued to fall as 57% of the adult population has received at least one dose of a vaccine. The unemployment rate fell to 6.0% as 916,000 jobs were added in March. This trend continued throughout April as initial jobless claims declined for three straight weeks to 553,000, the lowest level since the onset of the pandemic. In addition, retail sales surged to 9.8% in March as consumers were eager to spend the money they received from the most recent fiscal stimulus package.

Within domestic equities, April saw a return to growth-style leadership, with growth outperforming value stocks across all capitalization sizes. The Russell 1000 Growth Index added +6.8% versus a +4.0% gain for the Russell 1000 Value Index. The Russell Midcap Growth Index was up +5.6% while the Russell Midcap Value Index increased +4.8%. In small-cap equities, the Russell 2000 Growth Index appreciated +2.2% while the Russell 2000 Value Index gained +2.0%. The value style continues to lead the growth style year to date.

Major international equity indices produced solid gains in April as coronavirus infections have declined in most regions and the vaccine rollout accelerated. The MSCI EAFE Index gained +3.0% and the MSCI Europe Index appreciated +4.5%. The MSCI Pacific Index increased +0.3% during the month. The MSCI Emerging Markets Index rebounded +2.5% in April, but still lagged developed market equities as India -1.0%, Russia -0.1%, and China +1.3% all underperformed. Among commodities, WTI crude oil ended the month at \$64 a barrel, up from \$59 at the end of March. Gold ended the month at \$1,767, higher than last month's close of \$1,714.

U.S. fixed income markets had positive returns this month as longer-term yields stabilized and the Federal Reserve kept short term rates near zero. The yield on the 10-year Treasury ended the month at 1.65%, lower than last month's close of 1.74%. The Bloomberg Barclays U.S. Aggregate Bond Index added +0.8% in April while the Bloomberg Barclays Treasury 20+ Year Index gained +2.4%. High yield bonds performed well in April as the Bloomberg Barclays Corporate High Yield Bond Index gained +1.1% for the month.

Equities continued to rally in April as earnings season exceeded expectations and 2022 forecasted earnings continue to drift higher. The \$5 trillion of cumulative U.S. fiscal stimulus since the onset of the pandemic has energized consumer spending and economic activity, while the vaccine rollout has been quick and effective in curbing coronavirus infections in the United States.