

# BECKER WEALTH MANAGEMENT, LLC

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## US Equity markets flirt with early May record highs.

**M**arket drivers for the final week of May included some fresh meme stock narratives, a busy slate of economic data, and aggressive U.S. fiscal considerations.

Equity markets flirted with their early May record highs but were not able to take them out. Non-U.S. and small caps led the way with broad based gains across consumer, technology, and cyclicals. Commodities were up over 2.5% thanks to a nice rally in WTI oil (marked a new 52 week high) and strength across the industrial metals. UST bonds had a nice bid, pressing yields 3-7bps lower across the curve and the USD was flat for the week.

### Market Anecdotes

- POTUS unveiled a \$6t fiscal 2022 budget last week bolstered by \$1.8t in deficit spending and tax increases to pay for the increase in spending.
- Negotiations continued on the \$1.7t Jobs Act (“infrastructure”) with both sides remaining pretty far apart in bipartisan talks.
- The US Treasury Department released a proposal to set the global minimum corporate tax rate at 15%, in what Secretary Yellen referred to as a global “race to the bottom” for corporate tax rates.
- Fixed income returns have remained fairly anemic with lower rated credits, boosted by tight spreads, leading the way YTD and TIPS/CMBS leading the way so far in Q2.
- Most economies are recovering in a staggered fashion. The US and UK are leading – buoyed by their successful vaccination campaigns – followed by the



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Eurozone. Japan will trail later this year.

- Bespoke noted a wide range of non-U.S. activity indicators (sentiment surveys) released last week are coming in at robust levels not seen since August 2000.
- AAA reported the national average gas price at \$3.04 last week, up 35% YTD and at its highest level for this time of year since 2014.
- PE funds last year raised \$660 billion (compared to only \$185 billion in 2010) and have raised \$345 billion so far in 2021. Dry powder (funds raised but not yet invested) now exceeds \$2.2 trillion.
- Chinese equity markets rallied off key support and their 200-DMA over the last couple of weeks, breaking out to the upside.
- Chinese credit markets have investors anticipating another mainland credit cycle with over \$1.3t in maturing debt over the next twelve months.

### Economic Release Highlights

- The April Personal Income and Outlays report showed MoM personal income contracting 13.1% and personal consumption expenditures increased

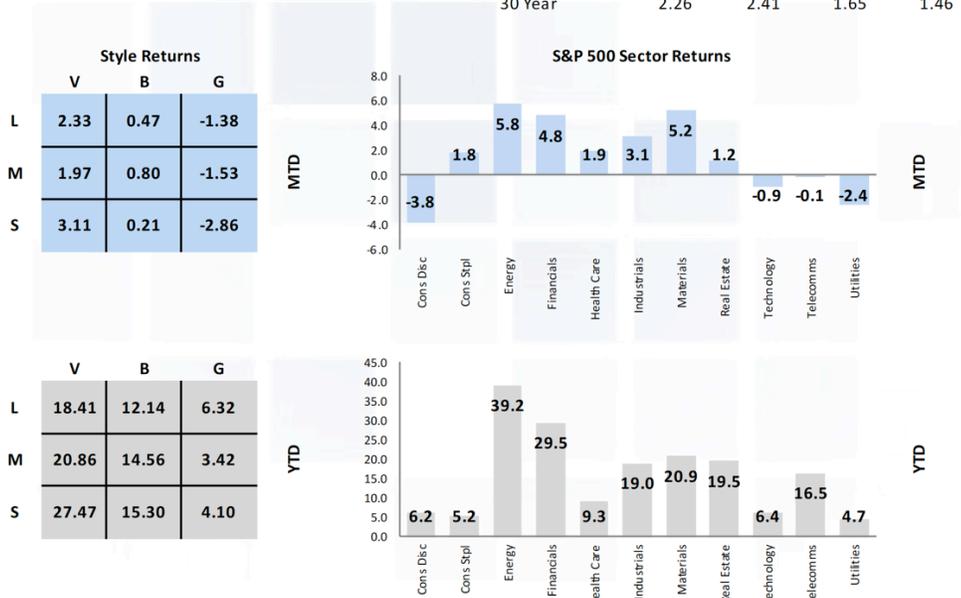
0.5%.

- Monthly and annual headline PCE Price index increased 0.6% and 3.6% while core PCE readings came in at 0.7% and 3.1% respectively.
- The composite Drewry World Container Index increased 2% last week to \$6,257, now +293% YoY - the highest shipping rates since 2011.
- The March Case-Shiller Home Price Index showed a 13.3% Year over Year (1.5% Month over Month) jump in home prices, well beyond the 11.8% consensus call.
- April New Home Sales fell short of expectations (863k vs. 955k) after a surge in March.
- April Pending Home Sales missed expectations, falling 4.4% (+0.4% expected).
- May Conference Board’s Consumer Confidence reading softened a bit versus the prior month, registering 117.2 - under consensus calls for 119.5.
- April Durable Goods Orders unexpectedly dropped 1.3% (+0.8% Month over Month expected), excluding transportation, orders grew 1% (+0.8% Month over Month expected).

# INSIGHT

## MARKET ANALYSIS

Equity	Level	1 Wk	1 Mo	3 Mo	YTD	1 Yr	Commodities	Current	3/31/21	12/31/20	9/30/20
Dow Jones	34529	1.03	2.37	12.18	13.76	38.80	Oil (WTI)	66.13	59.19	48.35	40.05
NASDAQ	13749	2.08	(2.05)	4.41	6.98	47.85	Gold	1875.90	1875.90	1887.60	1886.90
S&P 500	4204	1.20	0.66	10.72	12.62	41.02					
Russell 1000 Growth		1.63	(1.83)	7.14	6.32	41.29	Currencies	Current	3/31/21	12/31/20	9/30/20
Russell 1000 Value		0.98	2.39	12.69	18.41	44.33	USD/Euro (\$/€)	1.22	1.17	1.23	1.17
Russell 2000		2.45	(1.43)	3.34	15.30	63.81	USD/GBP (\$/£)	1.42	1.30	1.37	1.29
Russell 3000		1.38	0.16	9.42	12.34	44.60	Yen/USD (¥/\$)	108.94	108.94	103.19	105.58
MSCI EAFE		1.24	2.68	9.45	10.74	38.04					
MSCI Emg Mkts		2.39	(0.11)	2.16	6.13	50.60	Treasury Rates	Current	3/31/21	12/31/20	9/30/20
Fixed Income	ΔYield	1 Wk	1 Mo	3 Mo	YTD	1 Yr	3 Month	0.01	0.03	0.09	0.10
US Aggregate	2.00	(0.00)	(0.06)	(0.15)	(0.14)	(0.51)	2 Year	0.14	0.16	0.13	0.13
High Yield	4.78	(0.01)	(0.11)	(0.31)	(0.33)	(0.99)	5 Year	0.79	0.92	0.36	0.28
Municipal	1.87	(0.01)	(0.01)	(0.07)	(0.04)	(0.19)	10 Year	1.58	1.74	0.93	0.69
							30 Year	2.26	2.41	1.65	1.46



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