

Market Sweats Out New Highs but Ends Week Mixed and Little Changed

The market was given a lot of good news this week, but it had to work especially hard for incremental new highs in the S&P 500 (unch) and Nasdaq Composite (-0.4%), which was a bit frustrating for bullish investors. The S&P 500 finished flat, while the Nasdaq (-0.4%), Dow Jones Industrial Average (-0.5%) and Russell 2000 (-0.2%) closed slightly lower.



Briefly highlighting the heavy slate of positive-sounding developments:

- Apple (AAPL), Microsoft (MSFT), Amazon (AMZN), Alphabet (GOOG), Facebook (FB), and Tesla (TSLA) exceeded expectations on strong revenue growth.
- Fed Chair Powell said it wasn't time to start talking about tapering asset purchases, reiterating it'll take substantial further progress until the Fed's employment and inflation goals are reached. The FOMC left the fed funds rate and pace of asset purchases unchanged, as expected.
- Advance Q1 GDP increased at a 6.4% annualized rate (Briefing.com consensus 6.5%), personal income surged 21.1% m/m in March (Briefing.com consensus 20.5%) on the back of the

stimulus checks, and PCE Prices were relatively tame on a year-over-year basis.

- President Biden outlined his \$1.8 trillion American Families Plan to Congress. Some Senate Democrats were reportedly against the idea of significantly raising capital gains taxes to help fund the plan, but there was a view that some sort of additional infrastructure spending (traditional/social) will still get done.

And the reaction: three days of sideways activity, followed by one decent up day and then a disappointing finish to the week. The energy (+3.6%), financials (+2.4%), and communication services (+2.9%) sectors did end the week solidly higher, while the information technology (-2.1%) and health care (-1.9%) sectors fell 2%.

So, what happened? Well, in the five weeks leading into JPMorgan Chase's (JPM) earnings report before the open on April 14, the S&P 500 rallied around 8%. In the two weeks since, the S&P 500 gained 1.4%, which suggested that a lot of the earnings news was priced in during the pre-earnings run.

More nettlesome, though, was that the market's behavior to good news this week fed into the "peak growth" narrative, which says that the stock market will find it harder to keep rallying when economic/earnings growth rates moderate. In the meantime, the market just consolidated for the second straight week.

The 10-yr yield increased six basis points to 1.63%.

Past performance is not a guarantee of future results. Indices are unmanaged and one cannot invest directly in an index. Diversification does not guarantee investment returns and does not eliminate the risk of loss.

Data and rates used were indicative of market conditions as of the date shown and compiled by Briefing.com. Opinions, estimates, forecasts, and statements of financial market trends are based on current market conditions and are subject to change without notice. References to specific securities, asset classes and financial markets are for illustrative purposes only and do not constitute a solicitation, offer, or recommendation to purchase or sell a security. S&P 500 Index is a market index generally considered representative of the stock market as a whole. The index focuses on the large-cap segment of the U.S. equities market. Each company's security affects the index in proportion to its market value. NASDAQ Composite Index is a market value-weighted index that measures all NASDAQ domestic and non-U.S. based common stocks listed on the NASDAQ stock market. Dow Jones Industrial Average is a widely used indicator of the overall condition of the stock market, a price-weighted average of 30 actively traded blue chip stocks, primarily industrials, but also includes financial, leisure and other service-oriented firms. Russell 2000 Index measures the performance of the smallest 2,000 companies in the Russell 3000 Index of the 3,000 largest U.S. companies in terms of market capitalization. MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. Guardian, its subsidiaries, agents and employees do not provide tax, legal, or accounting advice. Consult your tax, legal, or accounting professional regarding your individual situation.

Park Avenue Securities LLC (PAS) is a wholly owned subsidiary of The Guardian Life Insurance Company of America (Guardian). PAS is a registered broker/dealer offering competitive investment products, as well as a registered investment advisor offering financial planning and investment advisory services. PAS is a member of FINRA and SIPC.