

Monthly Market Commentary

We hope that you were able to spend some time with your family over the Easter holiday! There is a lot to look forward to over the next several months as our country continues to get vaccinated. Hopefully, we can start attending sporting events, concerts, and even spending more time with those that matter most to us! We hope that you all can remain safe and healthy!

Risk assets globally continued to perform well despite several bouts of volatility, while defensive and haven assets lagged as we end the first quarter. Market performance has been primarily driven by better growth and expectations of faster normalization than previously anticipated as vaccinations across the globe are ramping up. As things get back to normal, we should expect positive surprises on the economic front; however, we should be wary of higher inflation. Second quarter should mark one of the fastest growth rates and inflation readings going back almost 50 years as we compare against the most depressed levels of activity of last year. Having said that, markets are discounting mechanisms and some of these dynamics may be priced into assets as evidenced from significant outperformance of certain sectors that benefit from higher growth rates and inflation in the economy. As we approach the first quarter earnings season, we can expect to see more clarity on how stimulus and economic normalization is having an impact on actual earnings, as well as prospects if companies are comfortable providing future guidance which was pulled off broadly due to the pandemic. In the near term, we are comfortable to be positioned for a risk on environment considering various factors that are aligned positively. As always, we will continue to monitor developments in the economy and adjust accordingly when we start to see growth and inflation dynamics shifting.

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