

April 30, 2021

Dear Clients,

April continued the upward trend for the year and provided gains for equity investors with the Dow Industrial and S&P 500 indexes both rising, 2.8% and 5.3% respectively, closing the month out near their highs for the year. Investor sentiment remained buoyant as continued news flow regarding Covid-19 vaccines and case data have positively exceeded expectations as well as strong fundamental datapoints supporting a faster and stronger economic rebound domestically. Our portfolios have performed in line as current conditions continue to support an invested posture and we anticipate future gains albeit at a more moderate pace with an increase in the ebb and flow of market action.

We continue to see pandemic restrictions relaxed and companies in our area are beginning to call back employees to the office. The President announced restrictions to be eased on wearing masks outdoors, the NYC mayor will completely reopen the city on July 1, as well as other states and cities enacting similar normalization measures. The Conference Board reported that its index of U.S. consumer confidence in April hit its highest level (121.7) since February 2020 as flush consumers envision better times ahead, sentiment conducive to the ongoing economic recovery. Additional confirmation of the robust expansion can be gleaned from the overwhelmingly positive first quarter individual company earnings reports, with a high percentage exceeding expectations. Analysts estimates and company projections have underestimated the strength of the rebound and revenue and earnings growth targets will need to be revised higher providing fuel for future market gains. US Fed chair Powell reiterated that the Fed would wait for “some time” before raising rates or reducing asset purchases, confirming their dovish bias with a primary focus supporting the labor market thus maintaining support for a “risk on” market.

Overall, we continue to believe growth will be supported through huge stimulus deficit spending, a successful vaccine campaign, and Fed quantitative easing. We anticipate a domestic surge in the near-term quarters which could persist well into 2022 as other international players recover and expand with growing cross border trade and normalized commerce conditions. We expect equity markets to continue to reflect the ongoing prosperity. Enjoy the spring and our newfound freedoms! Please do not hesitate to call if you have any questions.

Best regards,

*Beech Hill Advisors*

