

April 12, 2021

Weekly Viewpoint

Trend Remains our Friend

Performance for Week Ending 4.9.2021

The Dow Jones Industrial Average (Dow) finished up 1.95%, the Wilshire 5000 Total Market IndexSM (Wilshire 5000SM) added 2.38%, the Standard & Poor's 500 Index (S&P 500) gained 2.71% and the Nasdaq Composite Index (NASDAQ) finished up 3.12%. Sector breadth was positive with 10 of the 11 S&P sector groups closing higher. The Technology sector (+4.66%) led the way higher followed by Consumer Discretionary (+4.23%) and Communication Services (+3.17%).

Index*	Closing Price 4/9/2021	Percentage Change for Week Ending 4/9/2021	Year-to-Date Percentage Change Through 4/9/2021
Dow	33800.60	+1.95%	+10.44%
Wilshire 5000	43288.25	+2.38%	+9.71%
S&P 500	4128.80	+2.71%	+9.92%
Nasdaq	13900.19	+3.12%	+7.85%

Market Observations: 4/5/21–4/9/21

The major market indices finished the week higher with the Dow, S&P 500, and Wilshire all closing at new all-time highs. Driving the gains was optimism that government spending, vaccinations and the relaxation of restrictions are unleashing a spell of rapid economic growth. A series of data over the past couple weeks have offered evidence that a rebound in activity and hiring is under way a year after the pandemic slammed the brakes on the economy. Underscoring the better growth outlook, the International Monetary Fund (IMF) upgraded its global economic growth forecast for the second time in three months, and now sees the global economy expanding 6% this year, up from the 5.5% pace estimated in January. That would be the most in four decades of data, coming after a 3.3% contraction last year that was the worst peacetime decline since the Great Depression. For 2022, the fund saw global growth at 4.4%, higher than the 4.2% previously projected.

Policy Will Remain Supportive: The release of the March FOMC meeting minutes showed the central bank's commitment to maintaining accommodative policy in order to support a full economic recovery. Fed officials indicated that the pace of asset purchases will stay the same for some time while the central bank pursues its economic goals. "Participants noted that it would likely be some time until substantial further progress toward the Committee's maximum-employment and price-stability goals would be realized and that, consistent with the Committee's outcome-based guidance, asset purchases would continue at least at the current pace until then," the meeting minutes read. Policymakers expected the economy to rebound substantially in 2021, and they believe stronger-than-average growth in the following years will continue to help the labor-market heal.

Bullish Narrative Intact: We maintain our favorable view on the equity markets and believe the bullish narrative remains intact. Our upbeat outlook is based on the supportive macro environment which we feel provides a sturdy backbone for additional upside as we look forward. While a near-term period of consolidation cannot be ruled out, we would view pullbacks as corrective in nature and not the start of a broader move lower. Hence, periods of weakness would be viewed as a buying opportunity as we continue to believe the return profile over the next 12-plus months favors additional upside.

The Week Ahead: First quarter earnings season kicks off this week with 24 members of the S&P 500 scheduled to release results. Analysts are expecting a strong quarter with consensus expectations forecasting 23.8% year-over-year growth. It will be a busy week on the data front, which includes several hard data reports from March. Of particular interest will be the March CPI reading on Tuesday, March retail sales on Thursday, and Housing starts on Friday. On the central bank front, we'll hear from Fed Chair Powell on Wednesday where he is set to take part in a discussion at the Economic Club of Washington. On the same day, the Fed's latest Beige Book report will be released.

Definitions

The Dow Jones Industrial Average is a price-weighted average of 30 blue-chip stocks that are generally defined as the leaders in their industry. It has been a widely followed indicator of the stock market since October 1, 1928.

Wilshire 5000 Total Market IndexSM represents the broadest index for the U.S. equity market, measuring the performance of all U.S. equity securities with readily available price data. The index is comprised of virtually every stock that: the firm's headquarters are based in the U.S.; the stock is actively traded on a U.S. exchange; the stock has widely available pricing information (this disqualifies bulletin board or over-the-counter stocks). The index is market cap weighted, meaning that the firms with the highest market value account for a larger portion of the index.

Standard and Poor's 500 Index is a capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The Nasdaq Composite Index is a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market and Capital Market. The index was developed with a base level of 100 as of February 5, 1971.

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