

Daily Market Notes

Market Update :

DJIA: 33893.1
S&P 500: 4145.66
Nasdaq: 13970.13
10YR T-Note: 1.643%

EUR/USD: 1.198
VIX: 16.86
Gold: \$ 1,736
Crude Oil: \$ 63.01

Prices Current as of

12:21 PM

Source: CNBC

Donald M. Selkin
 Chief Market Strategist
 (561) 229-1128

dselkin@newbridgesecurities.com

Another day, another record high close for the S&P, and the Nasdaq 100 Index (primarily technology based) also joined in the upside as well, as now for some reason, after being banished to the doghouse for a while in February and March, the large technology leaders such as GOOG, MSFT (new highs), in addition to AAPL, AMZN, FB and TSLA have gotten a new lease on life and are pushing ahead.

And the ostensible reason offered for these gains is the fact that bond yields, which all the “experts” say are going to exceed 2% for the 10-year Note, have stalled out at the 1.76% high from a few weeks ago and are easing back a bit, as for instance they traded lower yesterday down to 1.63%.

The Dow began with a large loss of 200 points in the early going and was able to improve from that level, as it tagged along the technology leaders and got as high as “only” a 4 point loss at 3:10pm before easing back to end 68 points lower at 33,677, its second straight negative day in the first two trading days of the week. Losses in GS, IBM, JNJ due to the controversy over its vaccines in addition to NKE were the reasons for the Dow ending lower.

The S&P actually had the nerve to be 3 points down in early trading before resuming its upside ways and was ahead by 2 points at 1pm before another one of those late upside spurts got it to a 20 point advance at 3:10pm before it eased back a bit to nevertheless end at a 13 point gain to a new record at 4141. It was helped by those strong gains in the aforementioned technology components.

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The Nasdaq also moved sharply ahead with a 66 point gain at 1pm turning into a final advance of 146 to 13,996 and as previously mentioned, a new all-time high in the Nasdaq 100.

And the Russell 2000 Index of small stocks, similar to the Dow, also declined for the second straight day with a 5 point loss to 2229, but no tears have to be shed for this one as it is still the best gainer so far this year.

And how about the VIX, which continues to ease lower as the S&P moves higher and it ended at 16.65 despite some extremely large bearish positions for July that have been taken in the options market and have yet to materialize unless the overall market decides to take a downward plunge, which might or might not occur.

The broader market has been mostly notching gains this month, reflecting cautious optimism among investors that the economy will strengthen and corporate profits will improve as the distribution of COVID-19 vaccines paves the way for more restrictions on businesses to be lifted. A pause in the rollout of the JNJ vaccine is ostensibly not going to derail that according to most observers.

The higher March C.P.I. report, which gained 0.6% in March, the most since 2012, while year over year it was up by 2.6%, is expected to be a temporary blip and not a sign that long dormant inflation pressures are emerging. It had risen by 0.4% in February.

The Fed has been trying to reassure markets that any increase in inflation would be temporary as the economy recovers.

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And in the “what else is new” category, traders in cryptocurrencies pushed up the price of Bitcoin above \$63,000 for the first time as it rose to \$63,180 according to the tracking site CoinDesk. The rally comes as cryptocurrency exchange and digital wallet operator Coinbase is set to make its stock market debut today.

Profits for the first-quarter are now expected to grow by 24%, compared with the view back in September that companies in the S&P would see 13% earnings growth.

The lineup is as follows: yesterday – FAST lower; Wednesday – BBBY and Dow component JPM lower while Dow components GS and UNH are higher; Thursday – BAC, BLK, SCHW, C, DAL, PEP, USB, RAD; Friday – BNY, KSC, PNC, MS.

Economic reports will have: yesterday - March C.P.I. rose by 0.6% which was the highest since 2012 while the core rate which excludes food and energy was up by 9.3%. The overall rate is now higher by 2.6% year over year while the core rate is up by 1.6% for this same time period; today – March import prices rose by 1.2%; Fed Beige Book, April NAHB Housing Market Index; Thursday – weekly jobless claims, March retail sales, March industrial production and capacity utilization; Friday – March housing starts and building permits, mid-month U. of Michigan Consumer Sentiment Survey.

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Disclosures

Don Selkin is the Chief Market Strategist at Newbridge Securities Corporation, member FINRA/SIPC and provides the Fair Value analysis for CNBC each morning. The commentary provided in this Market Letter is intended to provide our current or potential customers with timely market analysis and should not be considered a research report. This Market Letter may contain, and is limited to: Discussions of broad based indices; Commentaries on economic, political or market conditions; Technical analysis concerning the demand and supply for a sector, index or industry based in trading volume and price; Statistical summaries of multiple companies' financial data, including listings of current ratings; and, recommendations regarding increasing or decreasing holdings in particular industries or securities. This Market Letter does not make a financial or investment recommendation or otherwise promotes a product or service of the firm. This Market Letter contains only news, facts, and commentary on information previously reported from a news source believed to be accurate and reliable by the author. These news sources include the following: {Bloomberg Financial, Reuters, and Associated Press}. It is possible that at any given point in time, the author, Newbridge Securities, or one or more of its employees or registered individuals associated with Newbridge Securities, may hold a position, either long, or short, as well as options, bonds, or other instruments in the companies noted in this report.