Daily Market Notes

Market Update :

DJIA:	**34249.06**
S&P 500:	**4179.31**
Nasdaq:	**13664.6**
10YR T-Note:	**1.594%**
EUR/USD:	**1.200**
VIX:	**18.36**
Gold:	**$ 1,782**
Crude Oil:	**$ 66.03**

Prices Current as of

12:44 PM

Source: CNBC

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The market continued the trend yesterday doing what it has basically done for the past few months, namely to move further away from the former large-cap technology leaders and into the value stocks like energy and financials, The result was that the Dow was able to recover from a large intraday decline of 348 points to end with another one of its late rushes to the upside and finish higher by 19 to 34,133. It was still lower by 83 points at 3:45pm so this was an astounding very late rush to get positive at the close.

On the other hand, both the S&P and Nasdaq were negatively influenced by severe weakness in the technology sector and ended sharply lower, although both did manage to also end above their worst intraday levels as well.

For instance, the S&P had the nerve to be down by a large 64 points at its late morning low before recovering from that awfulness to end with a closing decline of 28 to 4166. It was weighed down by those aforementioned large declines in such issues as AMZN, AAPL and MSFT along with those has-been trendy cloud-type stocks as well. The Nasdaq really took it on the chin with an intraday shellacking of 410 points before it too made a bit of a comeback to cut its final decline to 261 down to 13,633. It was the worst showing since March 24th and the third straight decline as many of these technology stocks are coming back to reality.

The Russell Index of small stocks ended lower as well with a 29 point loss to 2248 while the VIX really had an upside field day with a gain up to as high as 21.85 on the market's late morning low to finally end up at 19.48.

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Investors continue to focus on corporate earnings and on gauging the economic recovery's progress. Earnings and most economic indicators have been signaling a steady improvement, but investors remain concerned about the lingering threat from COVID-19, inflation and other factors that could crimp progress such as the potential for the end of the Fed's record low interest rate policy.

Before this week, stocks had been grinding higher on expectations of an economic recovery and strong company profits this year as large-scale coronavirus vaccination programs help people return to jobs and normal activities after more than a year of restrictions. Massive support from the U.S. government and the Federal Reserve, and increasingly positive economic data, have also helped put investors in a buying mood, keeping stock indexes near their all-time highs.

More than half of the companies in the S&P 500 have reported their results so far this earnings season, which have shown profit growth of 54%, with 88% of them beating the estimates by over 20% versus the typical recent beat of around 9%.

On Monday, Federal Reserve Chairman Jerome Powell said the economic outlook has "clearly brightened" in the United States, but the recovery remains too uneven.

Still, a key concern is whether the economy is strengthening so quickly that it will force the Fed to raise interest rates to combat inflation, signs of which are already cropping up in higher prices for oil, lumber and other commodities.

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Remarks by Treasury Secretary Yellen yesterday morning appeared to stoke those worries. At an economic seminar, she said that interest rates may have to rise to keep the economy from overheating. The selling accelerated following her remarks, which she later downplayed during an interview with the Wall Street Journal after the markets closed.

Technology stocks have had a strong runup over the past year. With the market near its recent record highs, the prospect of higher interest rates, which can slow the economy by making the cost of capital more expensive, makes tech stocks look particularly vulnerable because of their higher price/earnings ratios.

Despite these inflation and higher interest rate concerns, the yield on the 10-year Note actually declined to 1.59% from 1.60% the day before, go figure.

This week the earnings parade continues with the following, among others: yesterday – CHGG, ZI, CVS, MPC, APO and Dow component PFE higher and CAR, IRBT, UAA lower; today - CZR, TMUS, SPCE, ZG, ATVI, MTCH, LYFT, NYT and GM higher while HLT and MCFE are lower; tonight - BKNG, WW, GDDY, RKT, ETSY, PYPL, UBER and MRO; Thursday – VIAC, BDX, K, MET, MRNA; Friday – CIG.

Economic reports will be highlighted by the April jobs report on Friday: yesterday – March construction spending rose by 0.1%, the ISM April Manufacturing Survey slipped to 60.7; today – March factory orders rose by 1.1%, the highest since January, March trade deficit rose to a record $74.4 billion and final March durable goods orders;

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Wednesday – ADP estimate for April jobs report was 800,000, ISM April Non-Manufacturing Survey came in at 62.7; Thursday – weekly jobless claims; Friday- April non-farm payrolls for which the estimate is one million with the unemployment rate down to 5.8%.

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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.