

April  
2021



## Progress at Last

The first quarter of 2021 delivered remarkable progress in the battle against Covid-19: vaccine deliveries are well ahead of early predictions, corporate earnings strongly beat consensus estimates, and the stock market responded in kind, delivering another strong quarter of growth. Apart from brief pullbacks at the end of January and February, US stocks rose steadily through the quarter with the S&P500 gaining over 6%.

International markets fared similarly, with the Europe, Australasia, and Far East (EAFE) index gaining 3.48%. Many Asian countries have effectively contained the virus and are ahead of the US in their economic recovery. Europe currently lags slightly, potentially setting the stage for a broader economic restart later in the year. The Brexit deal solidified at year-end could further aid UK equities in the coming months.

Though fixed rates are still extremely low relative to history, we experienced a dramatic increase in the last few months. The 10-year treasury hit an all-time low of 0.501% on 3/9/20 and slowly moved up to 0.917% by year-end. Since the start of the year, it has risen quickly and reached 1.732% in mid-March. This rapid rise hurt bond prices during the quarter, but the increased yields will be beneficial to fixed-income holders moving forward.

The American Rescue Plan Act was signed into law on March 11, providing additional economic stimulus to combat the impact of Covid-19. The act includes another round of direct payments to individuals, expansion of unemployment benefits, more loans to small businesses, an increase in the child tax credit, and subsidized healthcare benefits.

The passage of this recent round of stimulus has added to fears that inflation may increase for the first time in more than a decade. In the short-term, that is likely correct. As economies continue to open, populations are vaccinated, and the existing pent-up demand is unleashed, we may see a few quarters of above average inflation. That said, much of that potential increase would be making up for the drop that occurred in the first half of 2020. Long term, the low/moderate inflation trend is unlikely to change meaningfully as aging populations, high debt levels, and continued technological innovation all have disinflationary impacts.

Current data suggests that there will be enough vaccine supply for all adults in the US by the end of May and the efficacy data has been consistently positive. Covid variants represent the largest risk to the economic restart. Thankfully, clinical data has shown the current vaccines provide sufficient protection against the known variants, and the technology used to make them means that formulas can be quickly adapted if boosters are needed later. This remains the key toward combatting the virus and facilitating economic recoveries.

As always, please let us know of any questions or concerns. We are available to visit in-person, via Zoom, or on the phone.

*The PWM Team*

## Market Update

A quick glimpse at the market for the first quarter and year of 2021:

	Q1	YTD
DOW	+8.29%	+8.29%
NASDAQ	+2.95%	+2.95%
S&P 500	+6.17%	+6.17%
MSCI EAFE	+3.48%	+3.48%
Barclays Agg	-3.37%	-3.37%


## Tax Deadline Change

The IRS has extended the 2020 tax filing deadline to May 17. This also extends the deadline for 2020 IRA, Roth, and HSA contributions, though we encourage you to complete those deposits soon if you have not already.

## Off to School

College enrollment in the fall of 2020 was down just 2.5% from 2019 (17.8 million vs. 18.2 million.) The gender split continues to widen, with women now making up 59% of enrollees and men at 41%. This is almost exactly opposite of 50 years ago, when the split was approximately 58% male and 42% female.

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Statements regarding stock market returns refer to the S&P 500 index and bond index returns refer to Barclays Aggregate Index.

S&P 500: The Standard & Poor's (S&P) 500 Index tracks the performance of 500 widely held, large-capitalization US stocks.

The Barclays US Aggregate Index covers the dollar-denominated investment-grade fixed-rate taxable bond market

The Morgan Stanley Capital International Europe, Australia, Far East (MSCI EAFE) Index is a capitalization-weighted index that tracks the total

return of common stocks in 21 developed-market countries within Europe, Australia and the Far East.

DJIA- A price-weighted average of 30 actively traded blue-chip stocks, primarily industrials including stocks that trade on the New York Stock Exchange

Nasdaq- A market-capitalization weighted index of the more than 3,000 common equities listed on the Nasdaq stock exchange.