

Open-End Net Fund Flows (\$)	3/21	2/21	YTD (Mar)
Equity	-6.88B	-34.91B	-114.05B
Taxable Bond	32.81B	52.77B	147.44B
Municipal Bond	6.33B	7.45B	26.18B
Hybrid	0.54B	-0.12B	-3.44B
Taxable Money Market	131.25B	44.05B	169.80B

Key Interest Rates	4/30/21	12/31/20	4/30/20
Federal Funds Target Rate	0.25%	0.25%	0.25%
ICE LIBOR (3-Month)	0.18%	0.24%	0.56%
2-Year T-Note	0.16%	0.12%	0.20%
10-Year T-Note	1.63%	0.92%	0.64%
Bond Buyer 40	3.46%	3.46%	3.93%

Commodities/U.S. Dollar	4/21	YTD	12 Mo.
U.S. Dollar Index (DXY)	-2.09%	1.49%	-7.82%
Refinitiv/CC CRB Excess Ret.	8.00%	19.05%	70.44%
Crude Oil/WTI (per Barrel)	7.47%	31.04%	237.47%
Natural Gas (per million BTUs)	12.26%	15.35%	50.26%
Gold Bullion (Ounce)	3.15%	-6.72%	4.34%

Total Return Performance

U.S. Stock Indices	4/21	YTD	12 Mo.
S&P 500	5.34%	11.83%	45.96%
DJIA	2.78%	11.30%	42.12%
NASDAQ 100	5.92%	7.78%	55.23%
S&P MidCap 400	4.50%	18.58%	67.89%
Russell 2000	2.10%	15.06%	74.88%
Russell 3000	5.15%	11.82%	50.90%

U.S. Styles/Market Caps	4/21	YTD	12 Mo.
S&P 500 Growth	6.87%	9.13%	48.85%
S&P 500 Value	3.73%	14.89%	40.88%
S&P MidCap 400 Growth	4.16%	13.07%	61.69%
S&P MidCap 400 Value	4.81%	24.12%	73.45%
Russell 2000 Growth	2.18%	7.16%	69.14%
Russell 2000 Value	2.02%	23.61%	78.92%

Foreign Stock Indices (USD)	4/21	YTD	12 Mo.
MSCI World NET (Ex-U.S.)	3.15%	7.32%	40.64%
MSCI Emerging Markets NET	2.49%	4.83%	48.71%
MSCI Europe NET	4.54%	8.81%	43.05%
MSCI BRIC NET	1.31%	1.21%	39.57%
MSCI EM Latin America NET	3.69%	-1.82%	46.40%
Nikkei 225	-0.07%	-0.18%	41.84%

Bloomberg Barclays Bond Ind.	4/21	YTD	12 Mo.
U.S. Treasury: Intermediate	0.38%	-1.39%	-1.17%
GNMA 30 Year	0.35%	-0.64%	-0.63%
Municipal Bond (22+)	1.39%	0.91%	11.45%
U.S. Aggregate	0.79%	-2.61%	-0.27%
Intermediate Corporate	0.74%	-1.47%	5.13%
U.S. Corporate High Yield	1.09%	1.95%	16.67%
Global Aggregate	1.26%	-3.25%	3.95%
EM Hard Currency Aggregate	1.48%	-2.25%	13.22%

Sources: Bloomberg, Bloomberg Barclays, Investment Company Institute

Past performance is no guarantee of future results. Historical performance figures for the indices are for illustrative purposes only and not indicative of any actual investment. Indices are unmanaged and an investor cannot invest directly in an index.

Climate

Perhaps with the exception of the stock market rally getting a little ahead of itself through the first four months of 2021 (see “Stock Market”) and some of President Biden’s tax proposals, investors appear to be facing few if any significant headwinds at the present time. The bulk of the economic news has been terrific, in our opinion. Companies are hiring, CEOs are the most optimistic they have been in 17 years, manufacturing is robust despite having to deal with supply-chain bottlenecks, and consumers are spending. How they are spending is what stands out. Consumers have expedited the transition from brick-and-mortar shopping to e-commerce during the COVID-19 pandemic. Adobe reported that U.S. consumers spent \$78 billion online in March 2021, up 49% year-over-year, according to *Forbes*. In Q1’21, U.S. e-commerce sales grew by 39% year-over-year to \$199 billion. Adobe estimates that U.S. e-commerce spending will total between \$850 billion and \$930 billion in 2021. It expects spending to top \$1 trillion in 2022. What makes those statistics even more attractive is factoring in that Americans continue to exude discipline when it comes to managing their consumer debt obligations. The S&P/Experian Consumer Credit Default Composite Index stood at 0.56% in March 2021, down from 0.99% in March 2020 and well below its 1.75% average since inception (7/31/04), according to S&P Dow Jones Indices.

Stock Market

The S&P 500 Index (“index”) closed at 4,181.17 on 4/30/21, 0.72% below its all-time closing high of 4,211.47 on 4/29/21, according to Bloomberg. A Bloomberg survey of 22 equity strategists found that their average 2021 year-end price target for the S&P 500 Index was 4,130 as of 4/19/21, according to its own release. The highest and lowest estimates were 4,400 and 3,800, respectively. Brian Wesbury, Chief Economist at First Trust Portfolios L.P., put his year-end price target at 4,500 as of 4/19/21. The index posted a total return of 5.34% in April. All 11 major sectors that comprise the index were up on a total return basis. The top-performer was Real Estate, up 8.29%, while the worst showing came from Energy, up 0.59%. The S&P 500 Index posted a total return of 11.83% year-to-date through 4/30/21. All 11 major sectors were up on a total return basis. The top-performer was Energy, up 31.61%, while the worst showing came from Consumer Staples, up 3.38%. The 11.83% year-to-date total return has already eclipsed the 10.28% average annual total return on the S&P 500 Index from 1926 through 2020, according to data from Morningstar/Ibbotson Associates. As of the close on 5/3/21, 94% of the stocks in the S&P 500 Index were trading above their 200-day moving average, compared to 93% for the S&P MidCap 400 Index and 91% for the S&P SmallCap 600 Index, according to Bloomberg. Those percentages look a bit rich. With respect to their 50-day moving average, 85% of the stocks in the S&P 500 Index were above that mark, compared to 78% for the S&P MidCap 400 Index and 66% for the S&P SmallCap 600 Index. Those are not quite as rich. The major U.S. stock indices are outperforming their foreign counterparts so far in 2021 (see “U.S. Stock Indices” and “Foreign Stock Indices”)

Bond Market

The yield on the benchmark 10-year Treasury note (T-note) closed trading on 4/30/21 at 1.63%, down 11 basis points (bps) from its 1.74% close on 3/31/21, according to Bloomberg. The yield stood 37 bps below its 2.10% average for the 10-year period ended 4/30/21. At this juncture, inflation is likely a bigger threat to bond prices than credit risk, in our opinion. Moody’s reported that its global speculative-grade default rate stood at 6.3% in March. Moody’s puts the historical average default rate at 4.2%. Its baseline scenario sees the default rate declining to 3.2% by December 2021. If achieved, that would push the default rate below the historical average. Hopefully, the U.S. economy will be fully reopened by year-end.

Takeaway

Has the stock market moved too far, too fast in 2021? We spoke out about how common market downturns are in our most recent Quarterly Newsletter. It is worth repeating. The stock market does not go up in a straight line. Even while in the midst of a bull market, like the one we are currently in, there is always a chance for pullbacks and corrections. Pullbacks (up to a 10.00% decline in price from the most recent high) and corrections (10.00% to 19.99% sell-off) are considered to be healthy and normal occurrences for the market. Data from Yardeni Research indicates that there have been 38 declines of at least 10% in the S&P 500 Index since 1950, according to The Motley Fool. That equates to a correction every 1.87 years, on average, with an average duration of about six months.

Data as of 4/30/21

Index	10-Yr. High Value	Date	10-Yr. Low Value	Date	Month-End Value	% Off High Value	YTD Return (USD)	Month-End Yield
S&P 500	4211.47	4/29/2021	1099.23	10/3/2011	4181.17	-0.72%	11.83%	1.38%
S&P 500 Growth	2829.13	4/26/2021	598.65	10/3/2011	2805.80	-0.82%	9.13%	0.73%
S&P 500 Value	1455.60	4/29/2021	494.97	10/3/2011	1445.71	-0.68%	14.89%	2.08%
S&P MidCap 400	2762.36	4/27/2021	744.98	10/3/2011	2725.15	-1.35%	18.58%	1.22%
S&P MidCap 400 Growth	1353.31	4/26/2021	345.40	10/3/2011	1324.34	-2.14%	13.07%	0.72%
S&P MidCap 400 Value	865.77	4/29/2021	252.35	10/3/2011	855.14	-1.23%	24.12%	1.66%
S&P 100	1912.85	4/29/2021	500.09	10/3/2011	1900.83	-0.63%	11.01%	1.40%
DJIA	34200.67	4/16/2021	10655.30	10/3/2011	33874.85	-0.95%	11.30%	1.76%
NASDAQ 100	14041.91	4/16/2021	2038.22	8/19/2011	13860.76	-1.29%	7.78%	0.71%
Russell 2000	2360.17	3/15/2021	609.49	10/3/2011	2266.45	-3.97%	15.06%	0.97%
Russell 2000 Growth	1709.62	2/9/2021	350.15	10/3/2011	1557.95	-8.87%	7.16%	0.43%
Russell 2000 Value	2532.82	3/12/2021	804.33	10/3/2011	2427.87	-4.14%	23.61%	1.47%
Russell 3000	2523.30	4/29/2021	644.45	10/3/2011	2503.56	-0.78%	11.82%	1.31%
MSCI World Net (ex U.S.) (USD)	7514.50	4/19/2021	3369.63	10/4/2011	7418.00	-1.28%	7.32%	2.40%
MSCI Emerging Markets Net (USD)	699.23	2/17/2021	296.25	1/21/2016	654.29	-6.43%	4.83%	1.91%
Ibovespa/Brazil (USD)	41592.73	5/2/2011	9077.09	1/21/2016	22003.92	-47.10%	-3.93%	3.16%
RTS/Russia (USD)	1987.79	7/26/2011	628.41	1/20/2016	1485.03	-25.29%	7.20%	4.60%
S&P BSE 500/India (USD)	278.30	3/3/2021	95.89	9/3/2013	266.08	-4.39%	6.53%	0.93%
Shanghai Composite/China (USD)	832.07	6/12/2015	314.68	12/3/2012	532.34	-36.02%	0.11%	2.05%
KOSPI/South Korea (USD)	2.91	1/25/2021	1.16	3/19/2020	2.82	-3.08%	6.98%	1.89%
Hang Seng (USD)	4241.01	1/26/2018	2087.46	10/4/2011	3698.42	-12.79%	5.74%	2.40%
MSCI Euro (USD)	1627.83	4/28/2021	814.62	6/1/2012	1605.81	-1.35%	10.72%	2.07%
S&P 500 Consumer Discretionary	1440.19	4/16/2021	267.58	10/3/2011	1435.89	-0.30%	10.43%	0.55%
S&P 500 Consumer Staples	721.37	4/21/2021	293.02	8/10/2011	713.69	-1.06%	3.38%	2.78%
S&P 500 Energy	737.09	6/23/2014	179.94	3/18/2020	371.60	-49.59%	31.61%	4.40%
S&P 500 Utilities	359.13	2/18/2020	152.93	8/8/2011	339.00	-5.61%	7.24%	3.23%
S&P 500 Financials	607.79	4/29/2021	151.85	10/3/2011	601.98	-0.96%	23.52%	1.72%
S&P 500 Banks	411.10	4/29/2021	105.73	8/22/2011	404.81	-1.53%	29.27%	2.28%
FTSE NAREIT All Equity REITs	835.20	2/14/2020	371.48	10/3/2011	828.79	-0.77%	17.11%	2.96%
S&P 500 Health Care	1440.34	4/23/2021	346.38	8/10/2011	1412.92	-1.90%	7.27%	1.56%
S&P 500 Pharmaceuticals	824.82	1/26/2021	282.86	8/10/2011	790.09	-4.21%	1.99%	2.64%
NYSE Arca Biotechnology	6319.77	2/8/2021	1001.60	11/25/2011	5612.41	-11.19%	-2.14%	0.27%
S&P 500 Information Technology	2519.85	4/26/2021	357.71	8/19/2011	2452.63	-2.67%	7.34%	0.88%
Philadelphia Semiconductor	3305.43	4/5/2021	326.32	8/19/2011	3109.00	-5.94%	11.60%	1.15%
S&P 500 Telecom Services	259.87	4/29/2021	115.22	8/8/2011	257.55	-0.89%	16.57%	0.83%
S&P 500 Industrials	867.31	4/29/2021	245.04	10/3/2011	861.51	-0.67%	15.42%	1.33%
S&P 500 Materials	526.67	4/29/2021	179.78	10/3/2011	521.05	-1.07%	14.91%	1.65%
Philadelphia Gold & Silver	227.03	9/8/2011	38.84	1/19/2016	142.13	-37.40%	-0.88%	1.19%
Refinitiv/CC CRB Excess Return	368.17	5/2/2011	106.29	4/21/2020	199.76	-45.74%	19.05%	N/A
ICE BofA Perpetual Preferred	311.77	4/26/2021	146.25	8/8/2011	310.94	-0.27%	0.64%	4.08%
ICE BofA U.S. High Yield Constrained	505.36	4/30/2021	250.64	10/4/2011	505.36	0.00%	2.01%	4.81%

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