

OBSERVATIONS

- COVID-19: Data from the Public Health of England's study of healthcare workers (under 65 years of age) suggests that one dose of Pfizer/BioNTech's vaccine reduces the infection rate by more than 70%, while reducing the risk of infection by 85% after the second dose.¹
 - Johnson & Johnson receives FDA approval for emergency use for its vaccine candidate.²
 - As of 28-Feb, nearly 240 million doses have been administered across the globe. The U.S. has administered 72.8 million doses, averaging nearly 1.65 million doses per day last week.³
- During a N.Y. Times hosted virtual conference, Treasury Secretary Janet Yellen noted the administration favors raising corporate taxes while indicating a willingness to consider raising taxes on capital gains.
- Goodyear Tire & Rubber agrees to buy Cooper Tire & Rubber, the \$2.8bn deal will double Goodyear's presence in China while bolstering its standing as number 1 in the U.S. market.²
- Regional bank M&A continues: M&T Bank to acquire People's United Financial in a \$7.6bn transaction.²
- Copper reaches \$9,000/ton for the first time since 2011 as production is projected to be below the pace of global demand.⁴
- Tesla has lost -23.2% since reaching its peak on 8-Jan. On Friday (26-Feb) the stock closed below \$695, the last closing price just prior to joining the S&P 500 index last December.²
- Jobless claims dropped to 730k, a decrease of 111k from the previous week's revised figures, and the 4-week moving average remains modestly above 800k at 808k.²
- Cryptocurrency exchange Coinbase was valued at over \$100bn based on recent private market transactions, the company intends to direct list (not raising additional capital) on the NASDAQ and will likely be one of the largest U.S. technology companies to go public since Facebook.⁵
- The tech heavy NASDAQ 100 index had its worst week since late October after declining -4.9% last week.²
- After a 20 year stretch of shrinking (from 8,500 in 1997 to 4,500 in 2017), the number of publicly traded companies has increased for three consecutive years following 2020's surge in public company listings. 2021 is off to a fast start with over 230 companies having listed publicly so far this year.⁶

EXPECTATIONS

- Rising interest rates have pushed the average rate of 30-year fixed rate mortgages to 2.97%, the highest level in six months. While still nearly 0.50% lower than one year ago, the increase in rates creates headwinds to an otherwise red-hot housing market - particularly as the spring selling season draws near.⁷
- House Democrats passed the \$1.9tn stimulus package. The legislation now goes to the Senate where only a simple majority will be required for passage, with a goal of sending to President Biden before 14-March - the date when important unemployment benefits expire.

ONE MORE THOUGHT - *Semiannual Monetary Policy Report to the Congress*

Last week Federal Reserve Chair Powell gave testimony to the Senate Banking Committee and House Financial Services Committee. Given the market's recent attention on inflation, Powell addressed the topic not only in his prepared remarks but also during the question-and-answer session. In his prepared remarks to the Senate, Powell noted that **"The pandemic has also left a significant imprint on inflation. Following large declines in the spring, consumer prices partially rebounded over the rest of last year. However, for some of the sectors that have been most adversely affected by the pandemic, prices remain particularly soft. Overall, on a 12-**

¹ <https://www.gov.uk/government/news/first-real-world-uk-data-shows-pfizer-biontech-vaccine-provides-high-levels-of-protection-from-the-first-dose>

² Bloomberg LP

³ Bloomberg Vaccine Tracker, Financial Times Vaccine Tracker, Johns Hopkins Coronavirus Center

⁴ FT, <https://www.ft.com/content/ce8405d9-b932-44e9-a965-ab7dc6d1e26f>

⁵ <https://www.axios.com/coinbase-valued-100-billion-direct-listing-9b43e316-7ff7-4f6a-a1db-4dc2481a93ee.html>

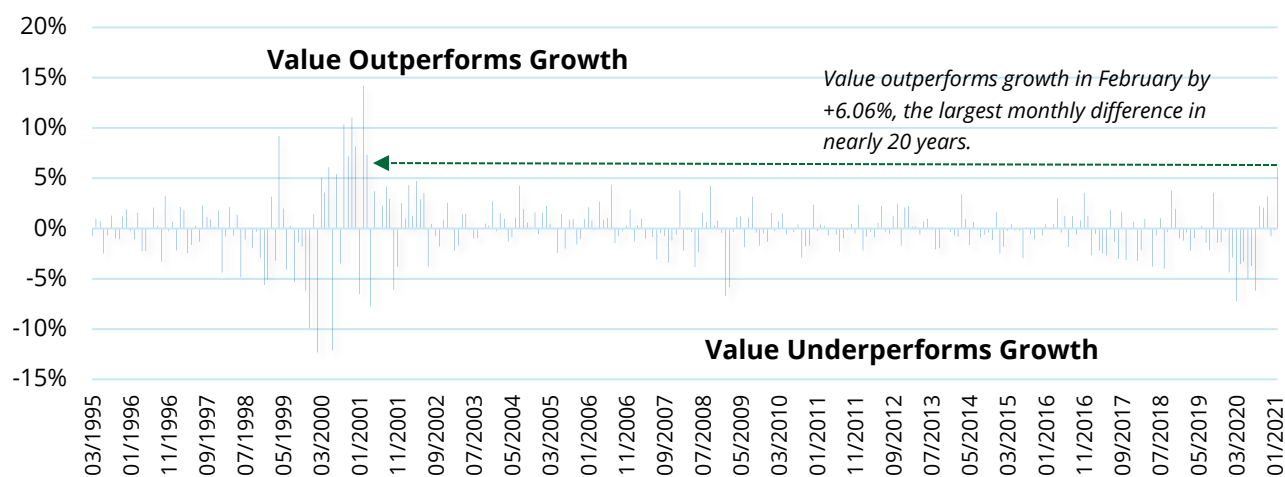
⁶ <https://www.wsj.com/articles/red-hot-stock-market-pushes-more-companies-to-go-public-11614249002>

⁷ FreddieMac, <http://www.freddiemac.com/pmms/#>

month basis, inflation remains below our 2 percent longer-run objective.”⁸ The Fed has openly committed that it will not raise rates prior to reaching its inflation target of 2%, and when asked about the Fed’s projections for inflation remaining below 2% through 2023, Powell capped his response by saying **“It may take more than three years.”⁹** Powell’s comments push back against the recent rise in short term inflation expectations given how longer-run inflation expectations remain well anchored ([see our recent Blog for our thoughts on inflation](#)). In response to a question related to monetary policy and the pace of the recovery, the Fed Chair suggested monetary policy needed to continue to be accommodative and to **“Expect us to move carefully, patiently, and with a lot of advance warning.”⁷**

CHART OF THE WEEK

Value vs. Growth (Monthly Total Return)



Source: Clearstead, Bloomberg LP, as of 28-Feb, Growth = Russell 1000 Growth, Value = Russell 1000 Value, Monthly Total Returns (March 1995-February 2021)

Value stocks (Russell 1000 Value) outperformed growth stocks (Russell 1000 Growth) by +6.06% in February. The financials, industrials, and energy sectors led value stocks while a rotation out of the technology sector - which accounts for 45%¹⁰ of the growth index - hurt growth stocks.

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⁸ <https://www.federalreserve.gov/newsevents/testimony/powell20210223a.htm>

⁹ Reuters

¹⁰ Bloomberg LP, as of 28-Feb