

Brinker Capital Market Barometer



APRIL 2021

The increase in COVID-19 vaccinations should lead to the further reopening of the US economy, resulting in a broadening out of economic growth. Fiscal policy continues to be supportive and there is a good chance of another fiscal spending package later this year; however, it will require tax increases as an offset. The Fed is committed to an accommodative monetary policy until we see full employment and sustained higher inflation, neither of which we are close to achieving yet. Treasury yields have normalized in response to the improved economic outlook, but we will continue to watch the pace of further increases. The barometer has shifted even further into positive territory in April and is still aligned with our modest overweight risk positioning across portfolios.

SHORT-TERM FACTORS (< 6 months)

	CHANGE	NEGATIVE	NEUTRAL	POSITIVE	
Momentum				●	Market momentum remains solid
Trend				●	US markets remain above 50-day and 200-day moving averages
Investor sentiment			●		Investor sentiment survey data has retreated from recent highs
Seasonality			●		Relatively weaker seasonal period post election

INTERMEDIATE-TERM FACTORS (6-36 months)

	CHANGE	NEGATIVE	NEUTRAL	POSITIVE	
Fiscal policy				●	Additional spending package likely later in '21 but uncertainty around higher taxes
Monetary policy				●	Fed and global central banks remain very supportive
Inflation				●	Inflation at low levels but short-term inflation expectations have moved higher
Interest rate environment			●		Treasury yields still at low absolute levels and pace of normalization has slowed
Macroeconomic				●	Expect strong economic growth in 2021 driven by the COVID-19 vaccine/reopening
Business sentiment				●	CEO confidence increased sharply in 1Q2021 to a 17-year high
Consumer sentiment	→		●		Consumer confidence measures increased sharply in March
Corporate earnings				●	Year-over-year earnings growth turned positive in 4Q2020
Credit environment				●	Credit environment remains stable; little volatility in spreads

LONG-TERM FACTORS (36+ months)

	CHANGE	NEGATIVE	NEUTRAL	POSITIVE	
Valuation		●			Equity valuations above long-term averages but not a near-term driver
Business cycle				●	We've entered a new expansion period with positive GDP growth since 3Q2020
Demographics			●		Mixed - US and emerging markets positive but developed international negative

SUMMARY

There were no changes to the **short-term factors**.

Within the **intermediate-term factors**, consumer confidence moved from a negative to a neutral factor. The Conference Board's measure of consumer confidence moved sharply higher in March to its highest level since the onset of the pandemic. An improvement in consumer sentiment should lead to increased consumer spending as the economy reopens.

There were no changes to the **long-term factors**.



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