

# Brinker Capital Market Barometer



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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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Source: Brinker Capital. Information is accurate as of April 5, 2021. Themes and specific funds utilized to implement themes are discussed within the context of Brinker Capital's managed asset allocations and are based on current market conditions and constitute Brinker Capital's judgment and opinions, which are subject to change without notice. Past performance does not guarantee future results. Statements referring to future actions or events, such as the future financial performance of certain asset classes or market segments, are based on the current expectations and projections about future events provided by various sources, including Brinker Capital's Investment Management Group. These statements are not guarantees of future performance and actual events may differ materially from those discussed. Brinker Capital Investments, LLC, a registered investment advisor.