

May 6, 2021

Good Morning,

Stocks have generally slipped lower over the past week led by the high-growth NASDAQ technology sector. The S&P 500 is also down while the Dow Jones Industrial Average is up slightly. Remember that the Dow is only 30 stocks, so a good week from just a handful of companies can carry that index up while broader indices decline. Interestingly, all 30 Dow companies are also in the S&P 500 Index, and several are listed on the NASDAQ. Confusing, right? Generally speaking, most market watchers refer to the S&P 500 when they talk about “the market” even though the Dow Jones gets the most publicity.

What’s to blame for this recent price consolidation? Realistically, the stock market needs to catch its breath for a moment. It has been on an upward run since the COVID lows of March 2020. There have been several selloffs during that period including a nearly 10% decline last October. These are normal movements in a healthy market. The current decline may be attributed to concerns about inflation potentially running too hot causing the Fed to raise rates sooner rather than later. The Fed says the current inflationary pressure is ‘transitory’ coming out of the brief pandemic recession, and they will hold rates steady. The Biden Administration’s plans to raise corporate and capital gain taxes also give investors pause.

Tomorrow we will see the all-important employment report for April. The trend has been positive with the economy steadily adding jobs as it slowly opens back up. Speaking of jobs, this weekend we celebrate perhaps the world’s toughest job. So, Happy Mother’s Day to moms everywhere!

Please visit our website at www.canfg.com or the link below for the last Market Update from Commonwealth Financial Network® – the broker/dealer that supports us in helping you manage your financial life.

http://www.commonwealth.com/RepSiteContent/weekly_comm/commentary_redirect.htm

As always, if you would like to discuss this or anything regarding current market conditions or your portfolio, feel free to contact me at any time.

Enjoy the week,

Wade

Wade A. Sarkis, CFP®, AIF®
Managing Partner
Canandaigua Financial Group
45 Ontario Street
Canandaigua, NY 14424
(585) 396-2720

Securities and Advisory Services offered through Commonwealth Financial Network, Member FINRA, SIPC, a Registered Investment Adviser
Note: Trade orders cannot be accepted via email or voicemail.