



HBKS 2021 Economic and Investment Outlook

April 2021

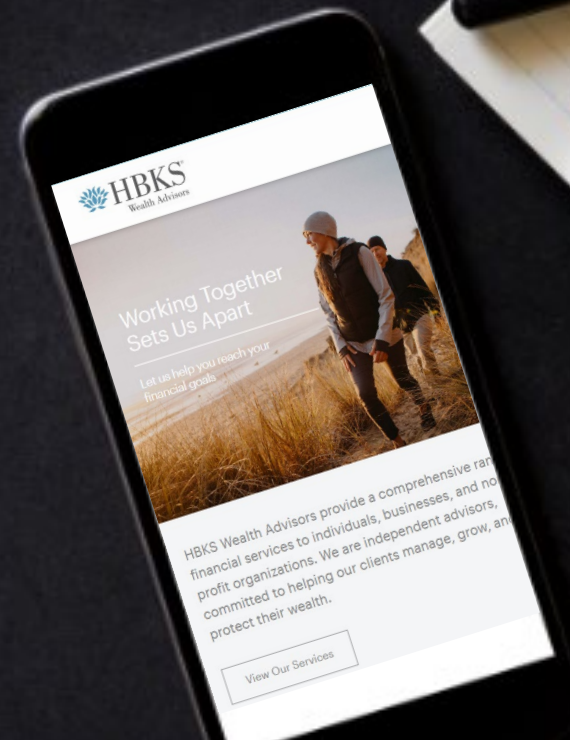




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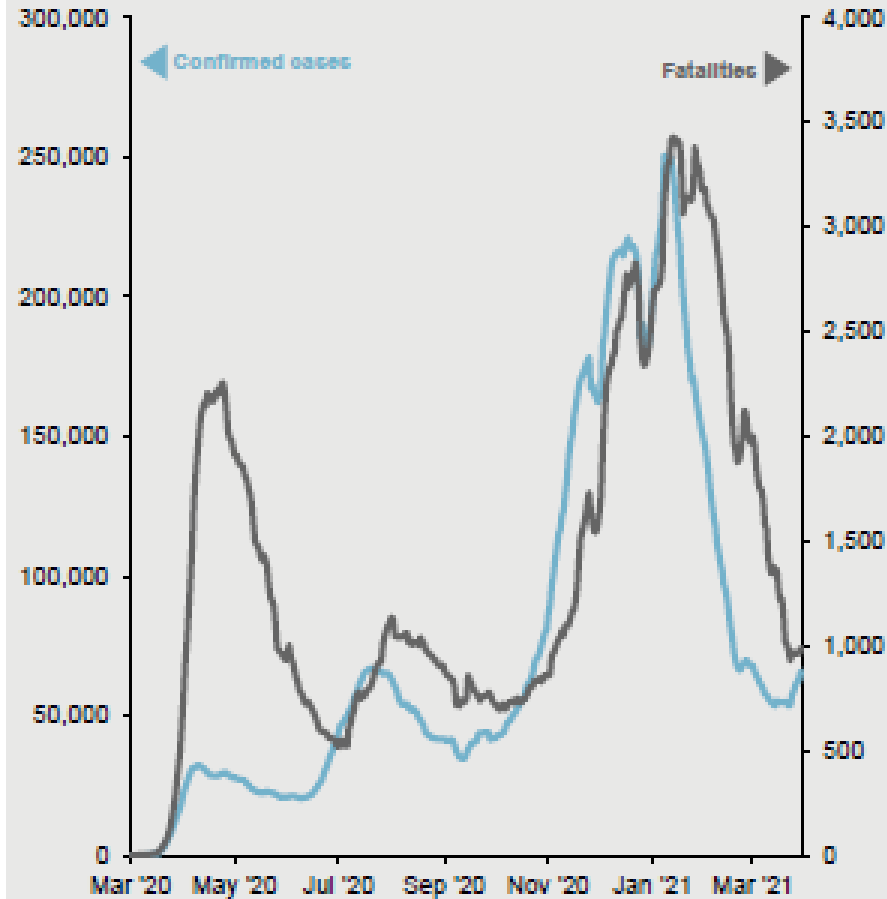


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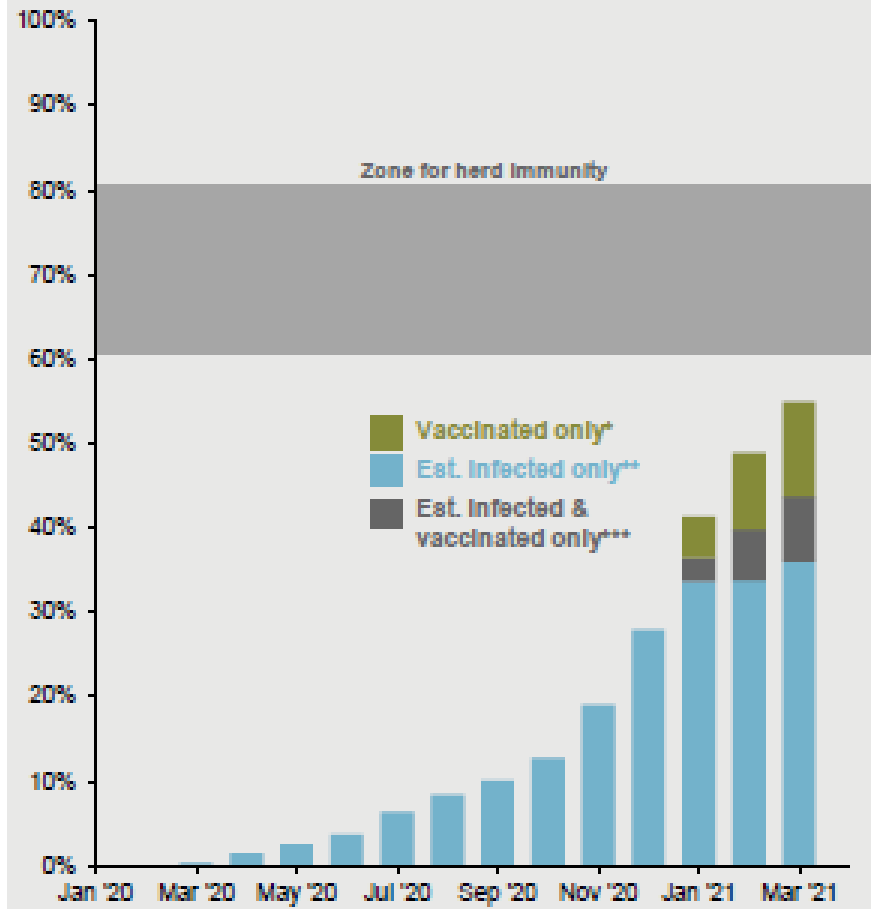


Vaccination Rollout in US Has Been Improving

Change in confirmed cases and fatalities in the U.S.
7-day moving average, as of March 31, 2021




Progress to herd immunity
Percentage of population, end of month



Source: Centers for Disease Control and Prevention, Johns Hopkins CSSE, Our World in Data, J.P. Morgan Asset Management.
*Share of the total population that has received at least one vaccine dose. **Est. Infected represents the number of people who may have been infected by COVID-19 by using the CDC's estimate that 1 in 4.6 COVID-19 infections were reported. ***Est. Infected & vaccinated only assumes those infected equally likely to be vaccinated as those not infected.
Guide to the Markets – U.S. Data are as of March 31, 2021.



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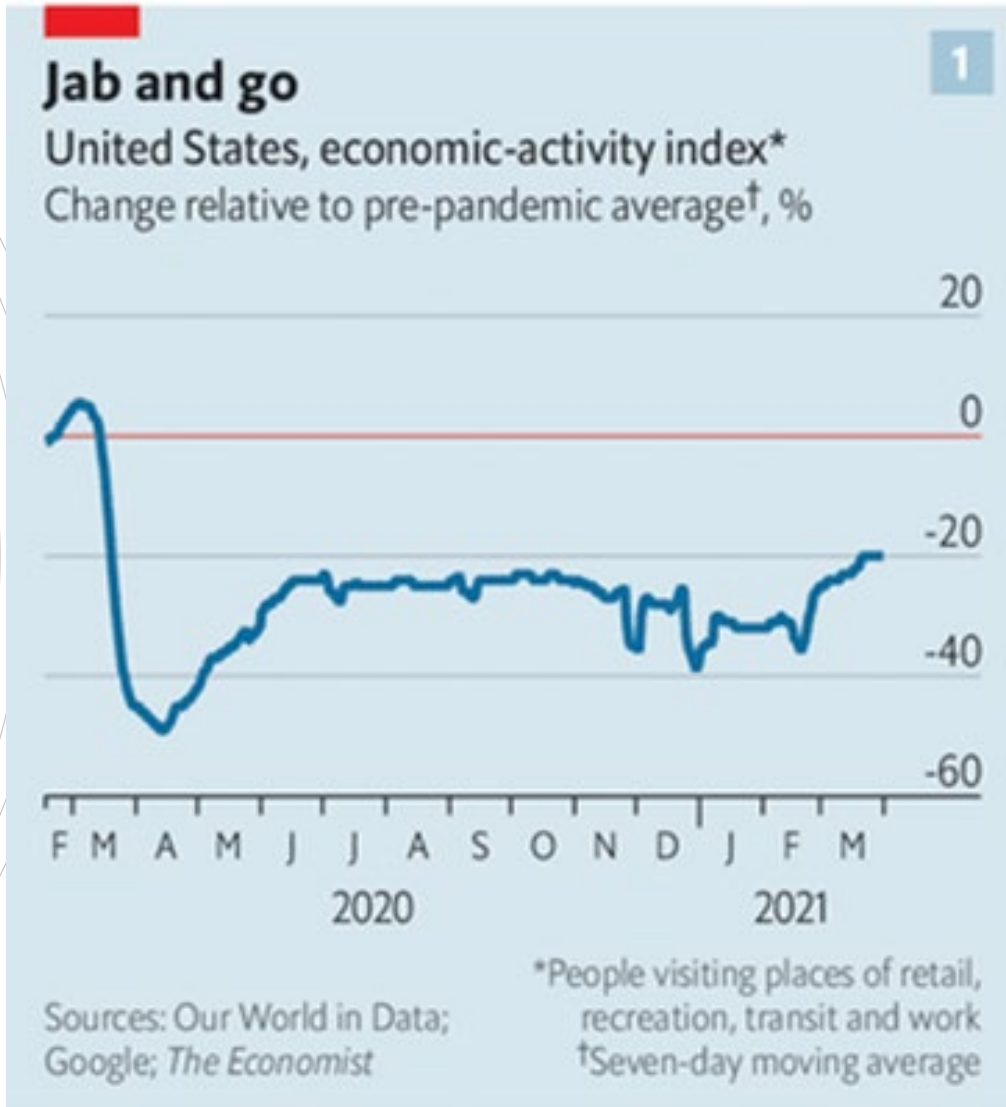
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Let us help you reach your
financial goals

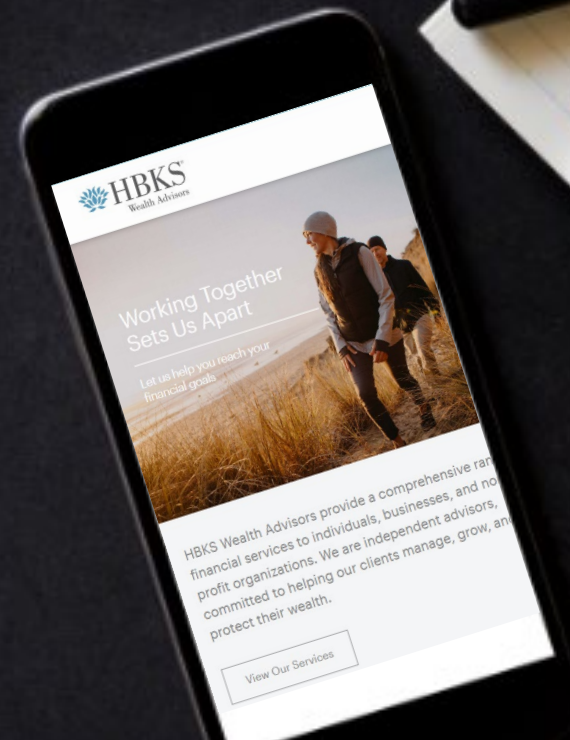
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People Are Going Out More and More

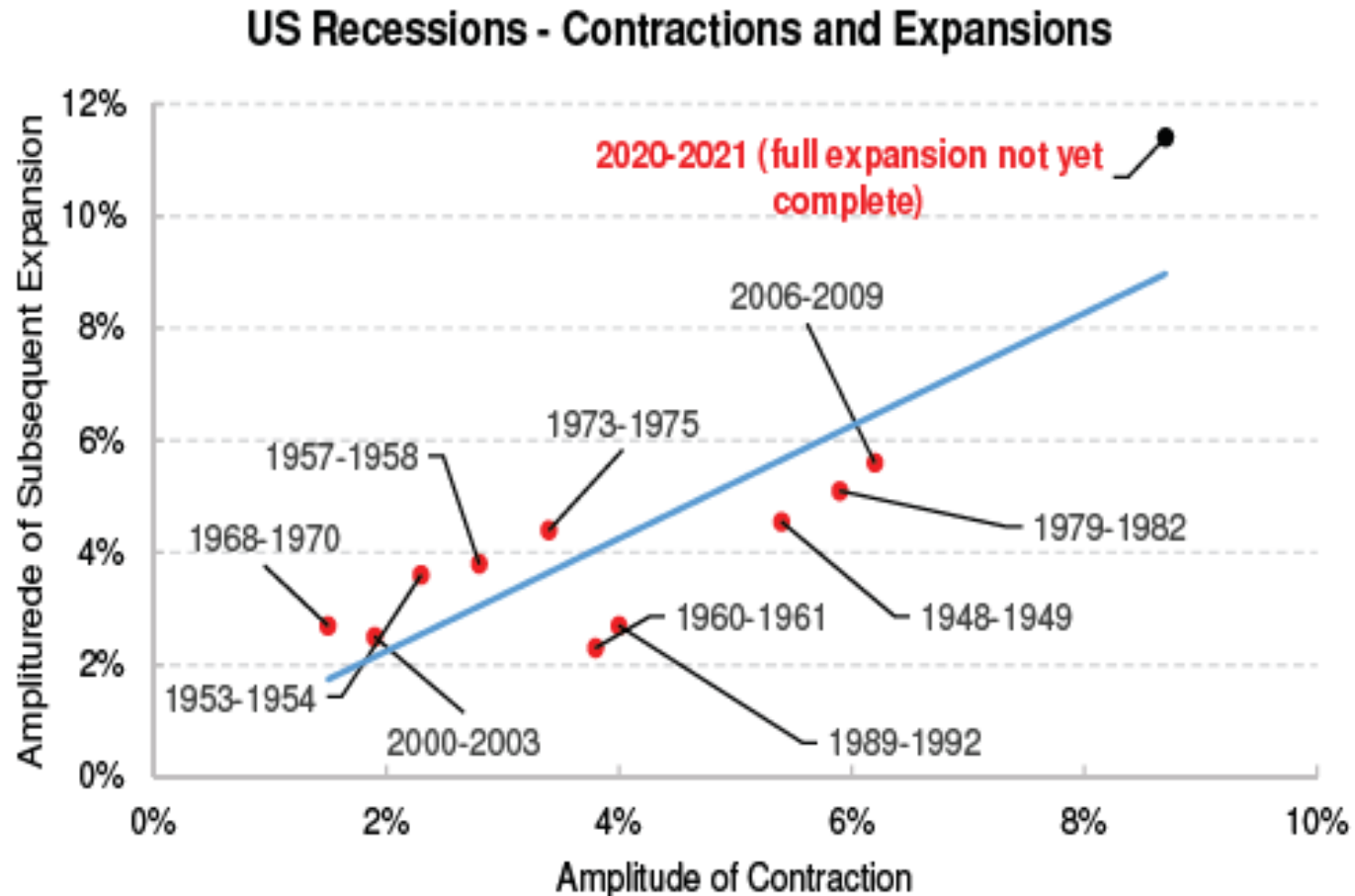


The Economist



There is a Direct Correlation Between the Size of a Contraction to the Subsequent Expansion

But have we already experienced the majority of the rebound?

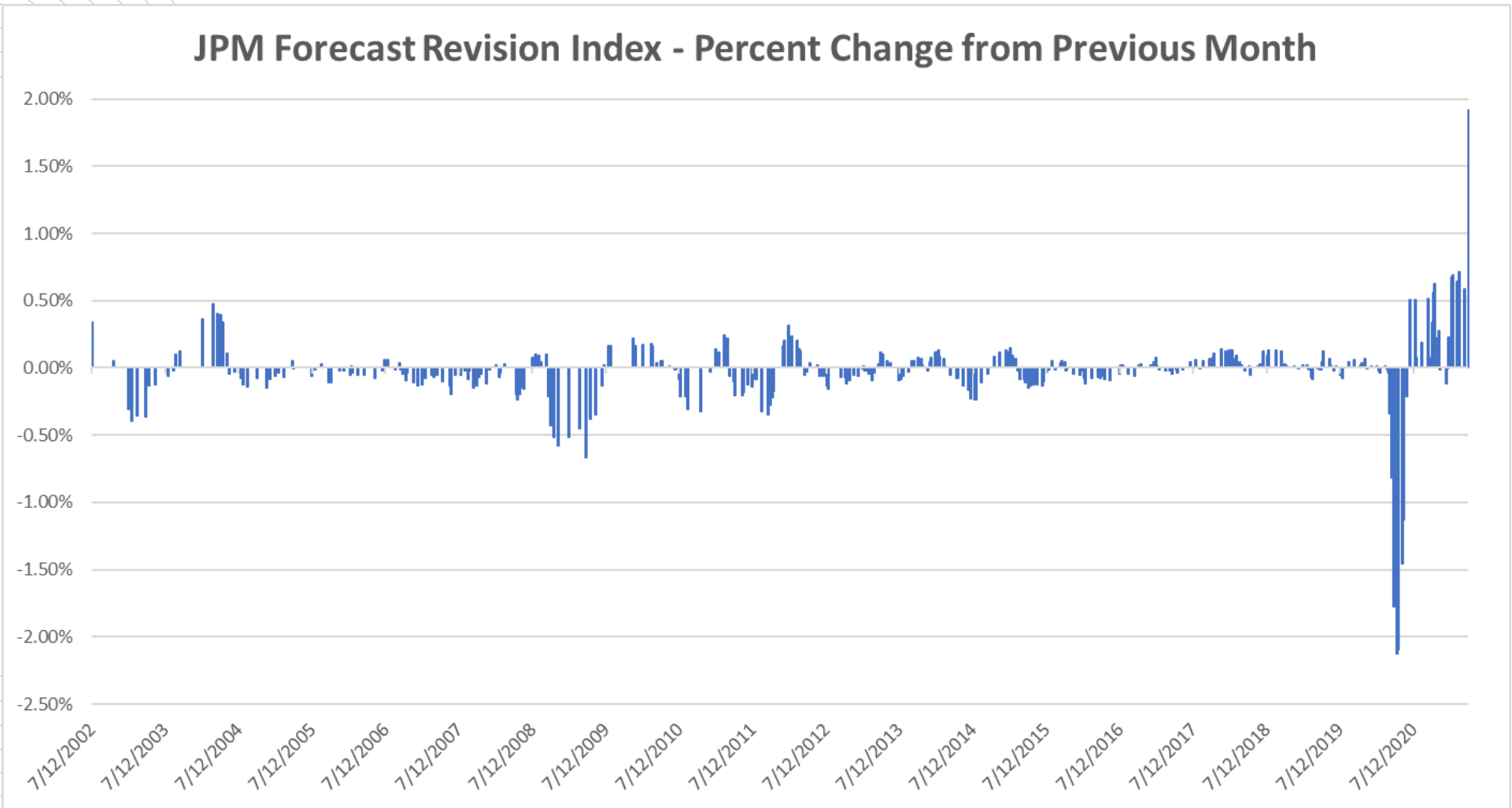


Source: Rosenberg Research



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Are People's Expectations For Economic Growth Now Too Optimistic?



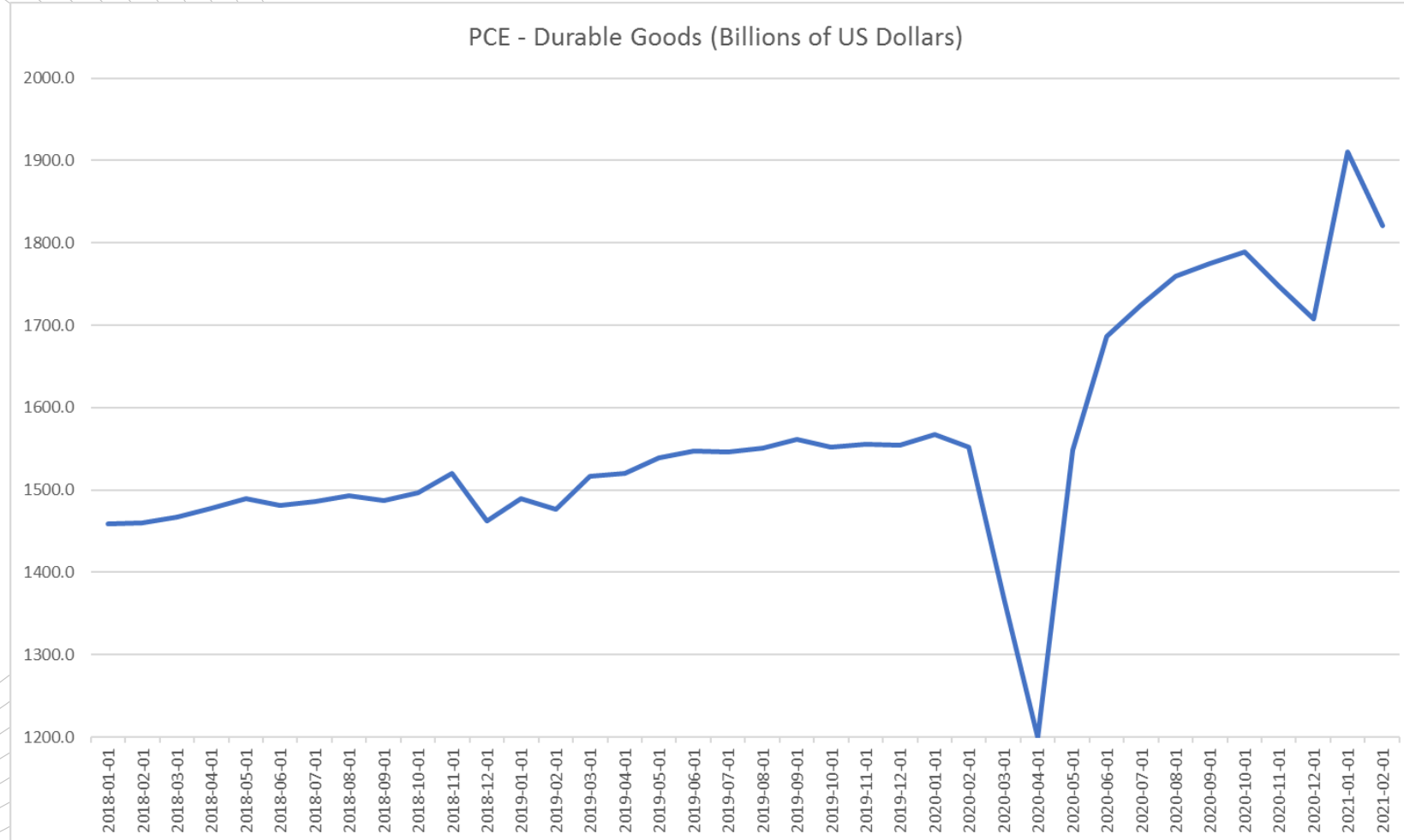
Source: JP Morgan and Bloomberg



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During The Pandemic Consumers Have Been Buying Big Ticket Items For Their Homes


Will this continue when people begin travelling and going out again?




Source: Federal Reserve Economic Data (FRED)



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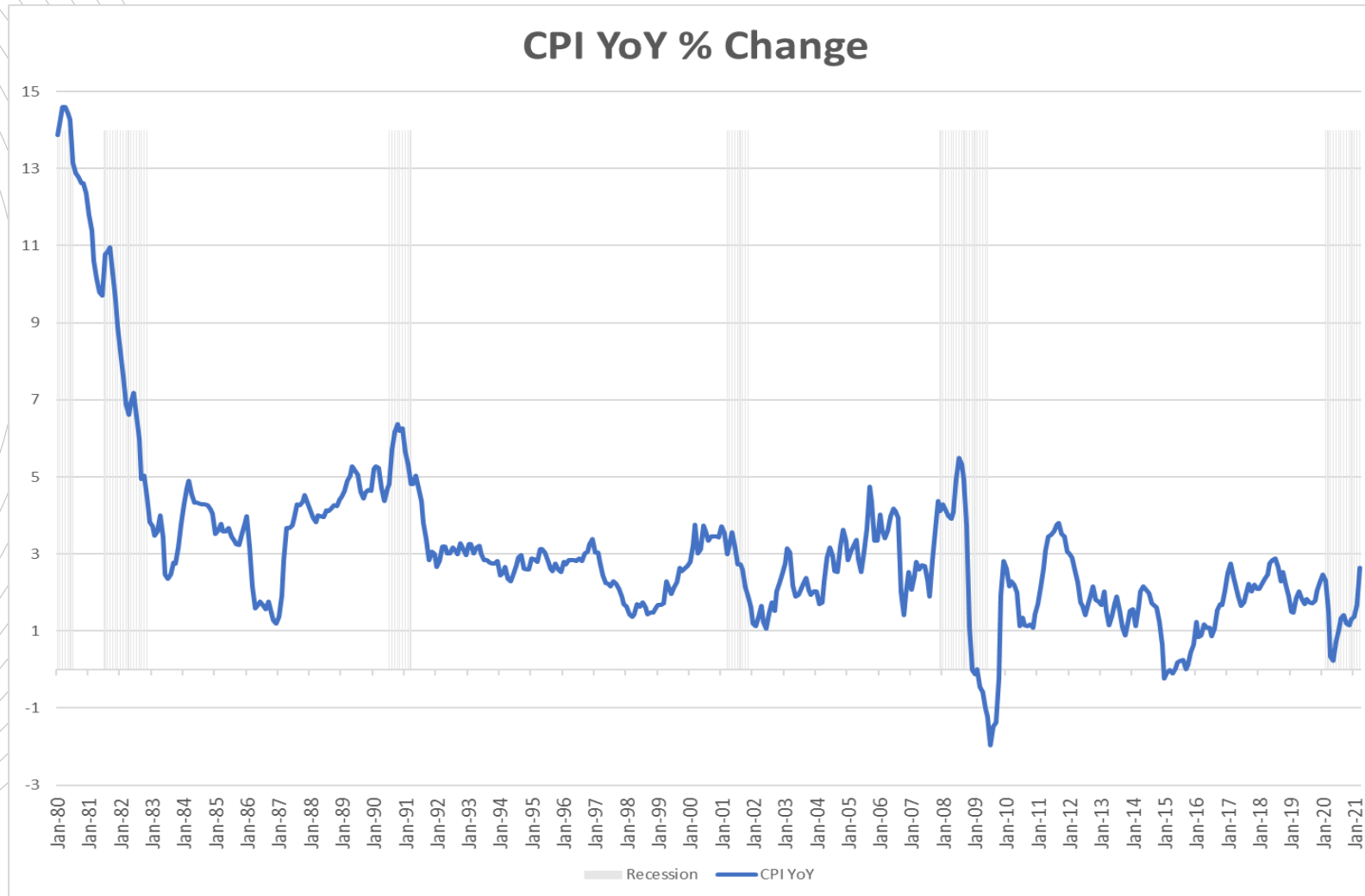


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Global Forces Likely To Keep Inflation Low

- Plenty of slack in labor market
- Global competition
- Improvements in technology and just-in-time inventory management



Source: Federal Reserve Economic Data (FRED)

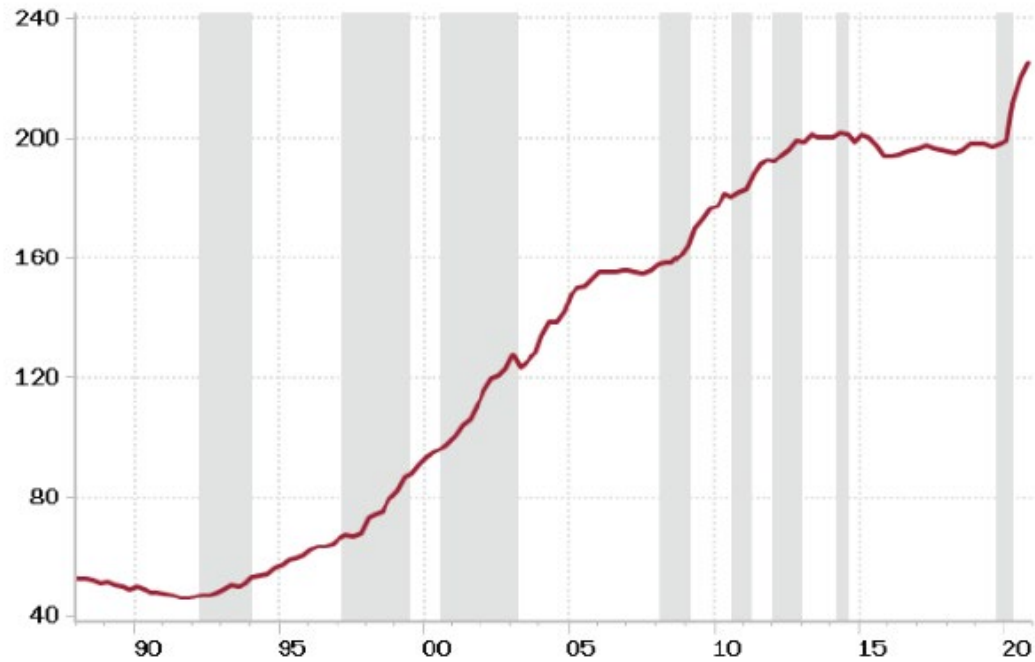


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Japan Has Been Spending Billion on Infrastructure For Decades, Yet Inflation Has Remained Modest

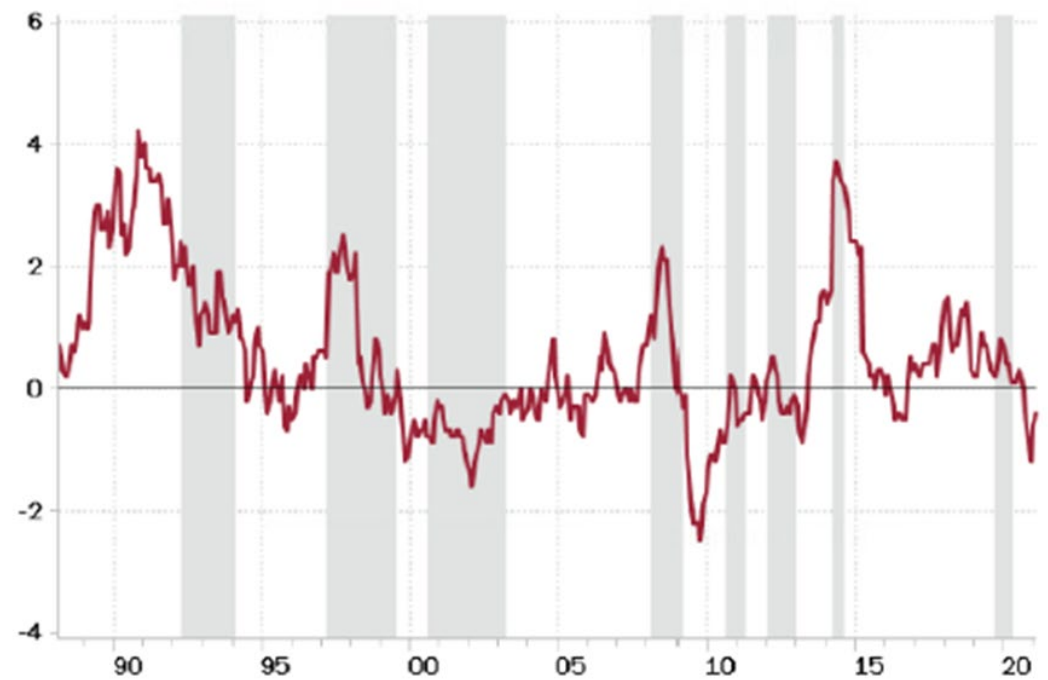
Federal Government Debt as a Share of Total GDP

Japan
(percent)

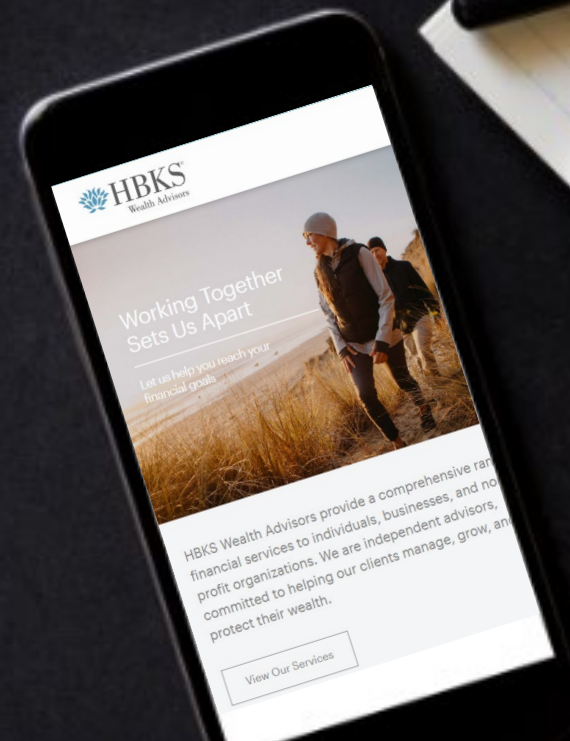


Consumer Price Index (CPI)

Japan
(year-over-year percent change)

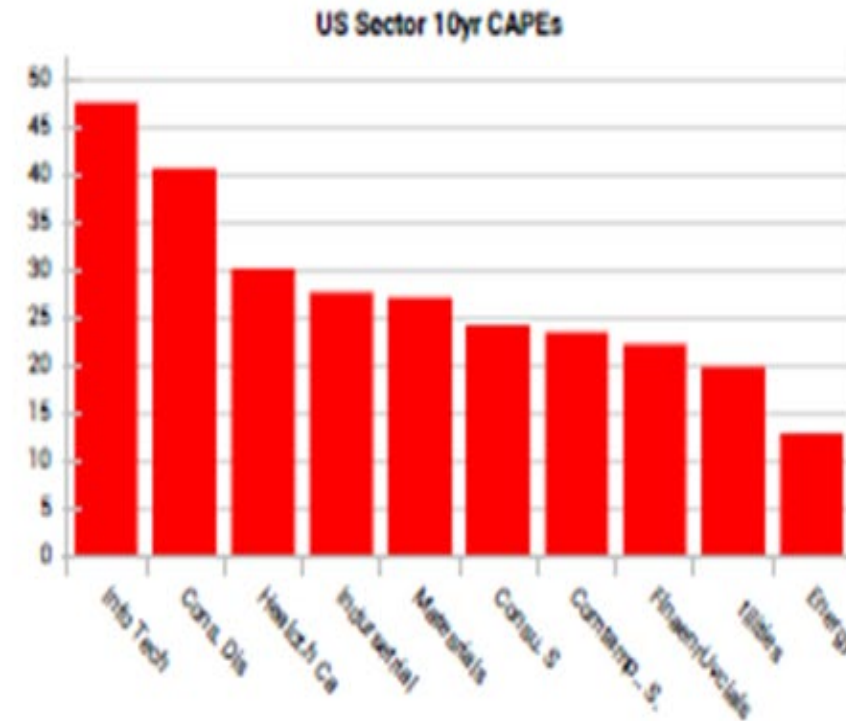
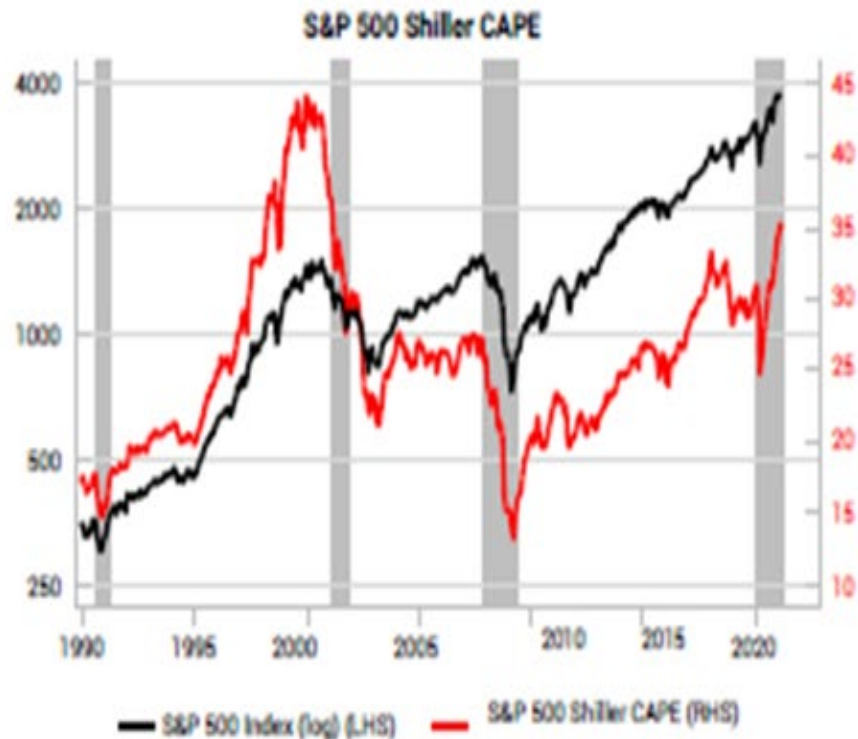


Source: Rosenberg Research



With Valuations Stretched, Returns May Be Less than expected Going Forward


But there are still some pockets of opportunity




Source: Variant Perception Research



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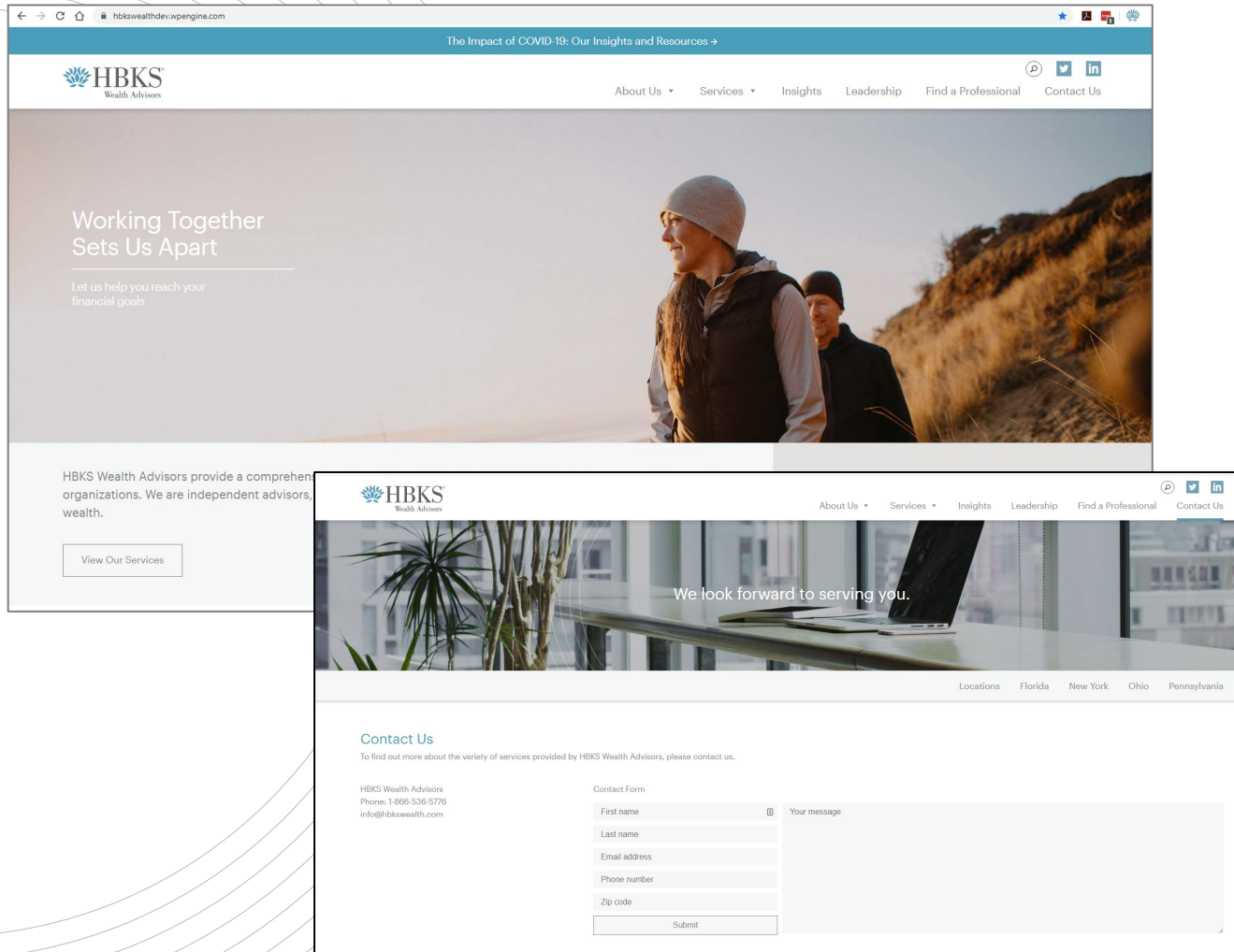
Fixed Income Markets

- With a rate hike in 2022 expected by many, an extremely positive economic outlook is also priced into the bond market.
- Yields seem to have entered a higher range but may not rise much further
- The stimulus bill's impact may be smaller than many expect, so inflation is likely temporary, and as inflation expectations drop rates should settle back down
- If the Fed is true to their word and does not hike rates in 2022, longer-term bonds may perform better than most people anticipate over the next year.



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Thank you!



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