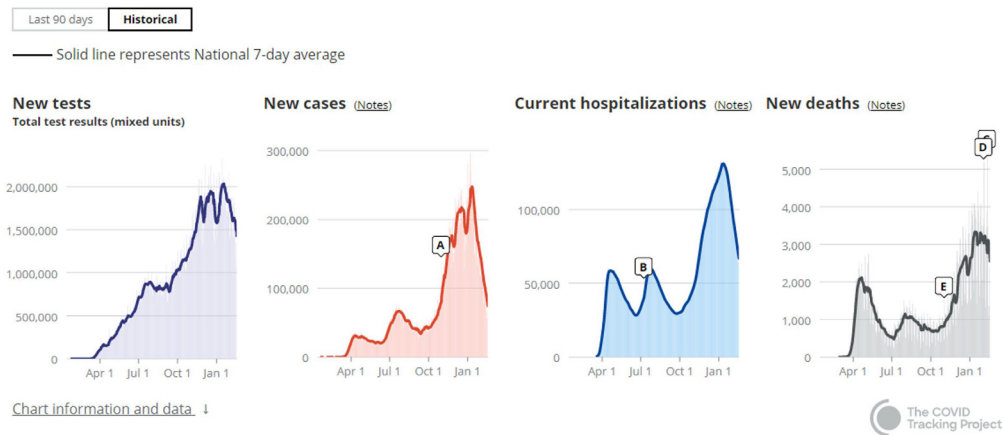


WEEK IN REVIEW

FRIDAY, FEBRUARY 19TH 2021

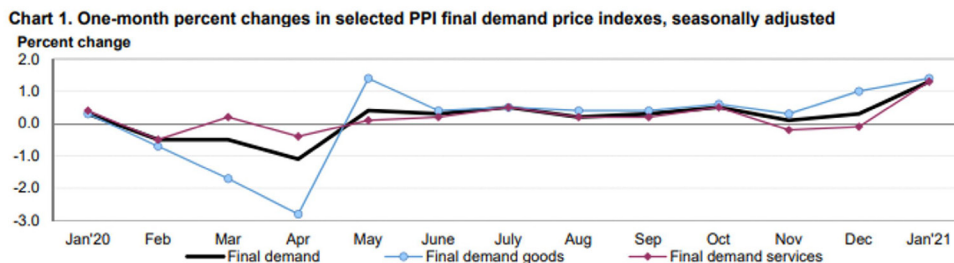
1. COVID INCIDENCE EBBS

Daily new coronavirus cases in the US have been declining since early January to now under 70,000 per day, the lowest since October 2020. Current hospitalizations have followed by also declining to around 62,300 as of 2/18/2021. Since vaccination efforts began in the US on December 14th, more than 57.7 million doses have been administered and more than 16.1 million people were fully vaccinated per the CDC. The US is currently administering around 1.7 million shots a day, up from 1 million at the beginning of January.



2. PPI, RETAIL SALES AND UNEMPLOYMENT RISE

Per CNBC, US producer prices increased by the most since 2009 in January as the cost of goods and services surge. The producer price index for final demand jumped 1.3% last month, the biggest gain since December 2009 when the government revamped the series, the Labor Department said on Wednesday. That followed a 0.3% rise in December. On the retail sales front, consumers flocked to spend their stimulus checks in January, sending retail sales for the month up 5.3% in a blockbuster start to 2021, according to a government report Wednesday. Strength in sales and prices was offset by weakness in unemployment claims. First-time filings for unemployment insurance jumped last week in a sign of continuing strife for the labor market.



Source: Bureau of Labor Statistics

With a backdrop of mixed economic data, Janet Yellen, US Treasury Secretary, spoke on CNBC about the importance of stimulus. She said on Thursday that a large stimulus package is still necessary to get the economy back to full strength, despite momentum suggesting that growth is off to a faster start than anticipated in 2021. In a CNBC interview, the lead economic official in the Biden administration said the \$1.9 trillion proposal could help the US get back to full employment in a year. “We think it’s very important to have a big package [that] addresses the pain this has caused – 15 million Americans behind on their rent, 24 million adults and 12 million children who don’t have enough to eat, small businesses failing,” Yellen told Sara Eisen on [“Closing Bell.”](#)

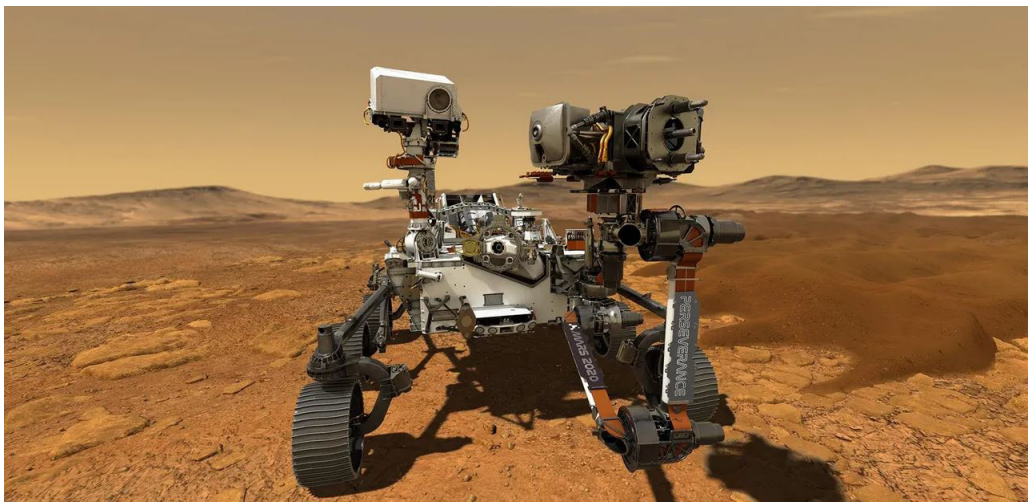
Even though PPI and retail sales surged, inflation is still far below the 2.0% Fed target. The Fed is looking for inflation to return above 2.0% for a sustained period of time after the economy recovers from the coronavirus impact before seeking to raise short-term interest rates.

3. BIG TECH TRENDS TO MONITOR

Facebook and Google have been challenged in Australia over a planned law seeking to compensate news organizations for content. The companies have responded in different ways. Google has attempted to strike deals with the media outlets while Facebook has taken a more combative stance. Per the BBC, Facebook is facing mounting criticism after it blocked news content in Australia amid a dispute. Facebook says the legislation “fundamentally misunderstands” its relationship with publishers. But politicians, publishers, and rights groups in several countries have accused it of bullying and raised concerns over access to information. Under Facebook’s new rules, Australian users are blocked from viewing and sharing local and international news, while local publishers are restricted from sharing or posting any links on their pages. Only time will tell if these actions will positively or negatively affect big tech company earnings in the long run.

4. NASA’S PERSEVERANCE LANDS ON MARS

NASA’s latest rover landed on Mars this week. The 300 million-mile journey began on July 30th, 2020 upon launch from Earth. The mission over the coming years will entail collecting soil samples to analyze the composition of Martian soil. Eventually, the samples will be gathered, rocketed up to orbit of Mars, picked in space, and finally returned to Earth. This endeavor demonstrates what is possible when people come together to accomplish an unprecedented quandary. In this case, attempting to answer what is really embedded in the soil on Mars. Parallels can be made to the massive advances in vaccine development during this coronavirus pandemic.



Source: usatoday.com

THINKING AHEAD

Coronavirus cases have dramatically improved since the beginning of the year, while the vaccine rollout accelerates. Economic data sputters as the Treasury Department urges more stimulus. Humankind can accomplish tremendous advancements when working together, such as landing on Mars and developing COVID vaccines. Pallas Capital Advisors will continue to monitor economic, political, and corporate data for implications to markets.

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