

WEEK IN REVIEW

FRIDAY, APRIL 30TH 2021

1. FISCAL SPENDING AND TAXES LEAD HEADLINES FROM WASHINGTON

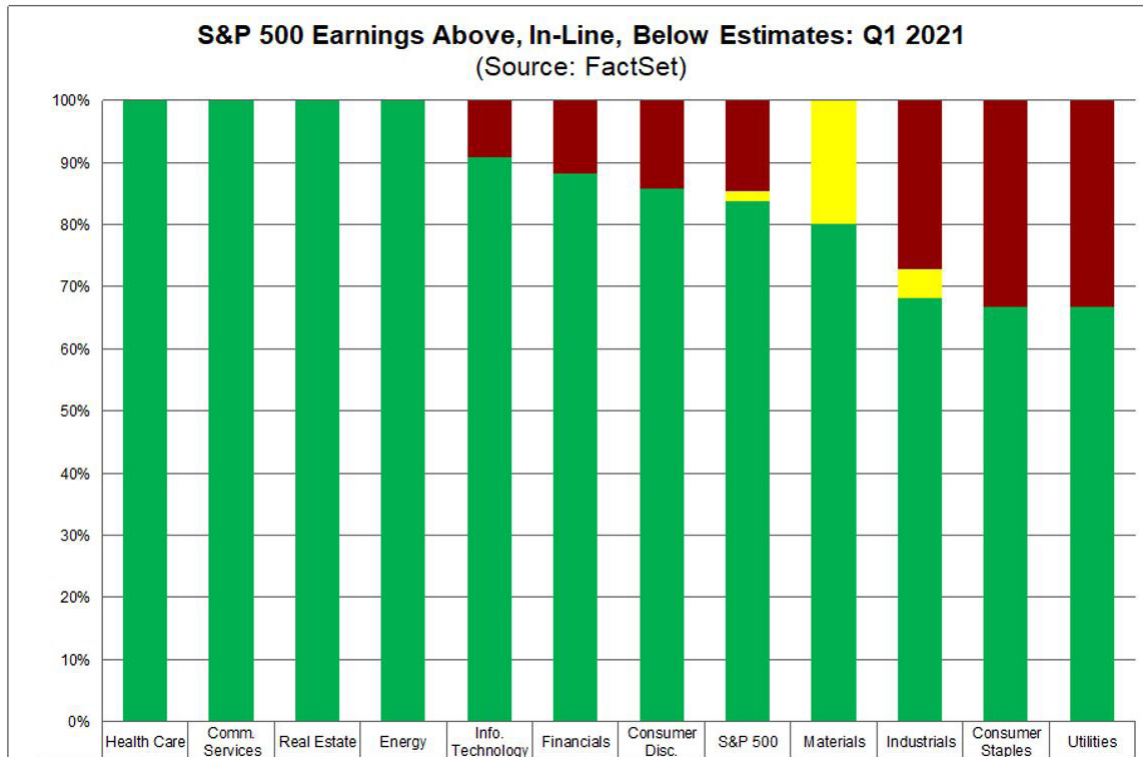
President Joe Biden unveiled a wide-ranging +\$2 trillion infrastructure proposal a few weeks ago and followed that with a \$1.8 trillion plan for children and families this week. The Biden infrastructure package was countered by a Republican proposal to spend \$568 billion on more traditional infrastructure projects such as roads, bridges, public transport, airports, and ports. The Biden proposal adds spending in more service areas, such as care for the elderly and disabled. Under the Biden proposal, the corporate tax rate would be hiked from 21% to 28%.

The \$1.8 trillion children and families plan was introduced this week with some provisions below:

- \$225 billion toward high-quality child care and ensuring families pay only a portion of their income toward child-care services, based on a sliding scale.
- \$225 billion to create a national comprehensive paid family and medical leave program.
- \$200 billion for free universal preschool for all 3- and 4-year-olds, offered through a national partnership with states.
- \$109 billion toward ensuring two years of free community college for all students.
- About \$85 billion toward Pell Grants, and increasing the maximum award by about \$1,400 for low-income students Biden has proposed paying for this plan with taxes on high-income earners by raising the capital gains rate as well as other tax increases. Both packages are still at the proposal stage for spending plans and funding sources with much debate to be had until the final packages are signed into law.

2. S&P 500 EARNINGS SEASON REMAINS STRONG

Over 25% of the S&P 500 has now reported Q1 earnings (Factset), with 84% having reported actual EPS above estimates, which is above the five-year average of 74%. If 84% is the final percentage for the quarter, it will tie the mark (with Q2 2020 and Q3 2020) for the highest percentage of S&P 500 companies reporting a positive EPS surprise since FactSet began tracking this metric in 2008. In aggregate, companies are reporting earnings that are 23.6% above the estimates, which is also above the five-year average of 6.9%. If 23.6% is the final percentage for the quarter, it will mark the largest earnings surprise percentage reported by the index since FactSet began tracking this metric in 2008. The positive earnings surprises were led by Healthcare, Communications Services, Energy, Technology, and Financials.



Source: Factset

3. COVID CASES AND VACCINATIONS RISE

Since vaccination efforts began in the US on December 14th, more than 232 million doses have been administered and more than 96 million people were fully vaccinated per the CDC. The US is currently administering around 2.7 million shots a day, down from over 3 million. Daily new coronavirus cases in the US are now averaging back below 60,000 per day.

Total Vaccine Doses		People Vaccinated	
		At Least One Dose	Fully Vaccinated
Delivered	297,543,635	Total	141,751,857
Administered	232,407,669	% of Total Population	42.7%
Learn more about the distribution of vaccines.		Population ≥ 18 Years of Age	139,902,174
		% of Population ≥ 18 Years of Age	54.2%
		Population ≥ 65 Years of Age	44,754,293
		% of Population ≥ 65 Years of Age	81.8%
			96,247,756
			37.3%
			37,149,968
			67.9%

ⓘ About these data
CDC | Data as of: April 27, 2021 6:00am ET. Posted: Tuesday, April 27, 2021 2:15 PM ET

Source: <https://covid.cdc.gov/covid-data-tracker/#vaccinations>

US health regulators lifted a pause on the use of Johnson & Johnson's vaccine, and a third option may help boost the pace of the rollout. The J&J vaccine makes up less than 4% of the 231 million total doses administered in the US to date but has proven particularly useful in certain communities that have difficulty accessing vaccination sites multiple times. At peak levels in mid-April before the pause, the J&J vaccine was being used for an average of 425,000 reported shots per day.

THINKING AHEAD

S&P 500 earnings season continues with very strong positive surprises versus consensus. Washington is also generating headlines through large, proposed spending and taxing plans. US vaccinations steadily climb although at a slightly slower pace. Pallas Capital Advisors will continue to monitor economic, political, and corporate data for implications to markets.

The information contained herein is for informational purposes only, is not personalized investment advice and should not be construed as a recommendation to purchase or sell any particular security, sector or strategy to any individual person or entity. The decision to review or consider the purchase or sale of any security, sector or strategy mentioned should not be undertaken without consideration of your personal financial information, investment objectives and risk tolerance with your financial professional. Past performance should not be considered as an indicator of future results.

Securities offered through Triad Advisors, LLC. Member FINRA/SIPC. Investment Advice offered through Pallas Capital Advisors LLC, a registered investment advisor. Pallas Capital Advisors, LLC is a separate entity from Triad Advisors, LLC.