

# Market Recap

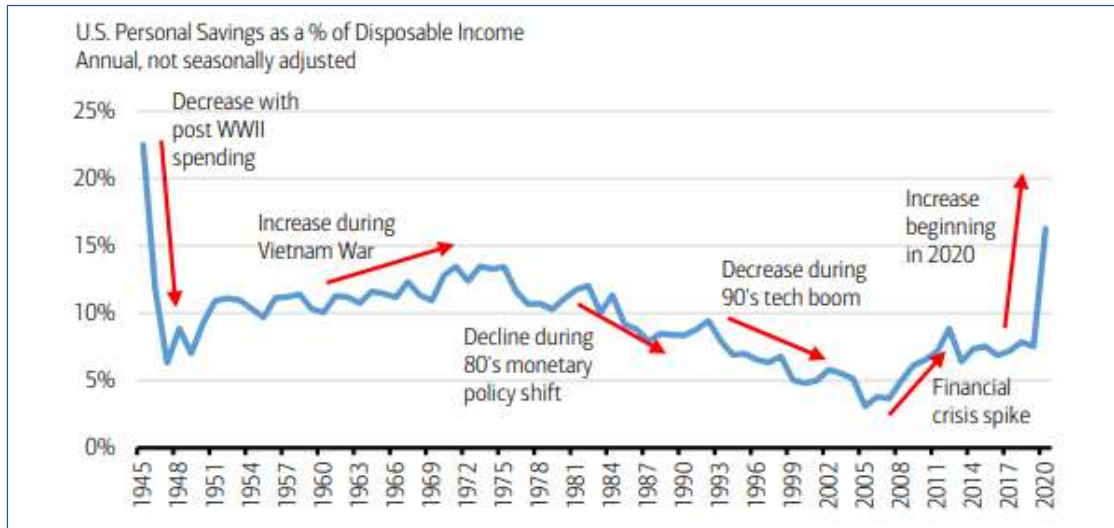
## Earnings Power a Pricy Market



Source: Bloomberg

- A year featuring massive growth in earnings (as expected in 2021) shouldn't be mistaken for one that must 'necessarily' translate into a booming year for the market. With valuations (P/E) now beginning to moderate down from peak levels, 2021 is transitioning into an earnings-driven market where company fundamentals will matter more.
- With the market already pricing in a strong recovery in earnings, the real question is how those numbers evolve over the year. The early read from the Q1 reporting season is promising: Thus far, 86% of companies in the S&P 500 have surpassed consensus expectations.

## Show Me the Money



Source: Bank of America

- In February 2021, the U.S. personal savings rate fell to 13.6%, reflecting some normalization after skyrocketing to a record 32.2% last April (well above the prior 50-year peak of 17.3% in May 1975).
- While recessions typically cause the savings rate to temporarily surge, it usually subsides as economic conditions improve. The household savings rate in the U.S. averaged approximately 6% from 1995 to 2018. Therefore, consumer spending and economic growth should continue accelerating as Americans loosen their purse strings this summer.

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Invest Now...Buy Later

Monthly investment	After 5 years		After 10 years	
\$500		\$35,800 Wedding		\$86,500 House down payment
\$250		\$17,900 Home renovation		\$43,300 New car
\$100		\$7,200 Engagement ring		\$17,300 Dream vacation

Source: Fidelity Investments

- Investing can feel like a daunting process to someone who's just getting started. Committing to a regular investing plan requires intention and discipline. However, the long-term benefits of deferring current consumption can be substantial.
- Developing good habits early on is the easiest path to long-term financial success. You don't start a bonfire by lighting one giant log, you do it by lighting some small pieces of kindling. The key is just to light that spark and get the fire started. Once you've built momentum, it becomes easy to keep the fire lit.

## Puttering Through the Pandemic



Source: Golf Data Tech, LLC

- Many sports around the world have faced challenges from the onset of COVID-19. Golf, on the other hand, has thrived. The sport saw a 13.9% increase in the number of rounds played in 2020 relative to 2019 (nearly 500 million).
- Over the past two decades, there has only been one other year with growth above +3.0%, which was attributable to a 2012 heatwave (+5.2%). With consumers being forced to get creative during the pandemic, golf enjoyed an albatross of a year!

**Contact:** If you have any questions or comments, please do not hesitate to contact us at 703.992.6164. For more information about Harbour Capital Advisors, please visit our website at [www.harbourcapitaladvisors.com](http://www.harbourcapitaladvisors.com).

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