

Ready For More Volatility In April?

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Traders are bracing for heightened volatility during this holiday-shortened week with quarter-end rebalancing among pension funds and other big investors. The recent swift advance in bond yields could set money managers up for big adjustments in their portfolio. To get more news about WikiFX, you can visit wikifx.com official website.

□□ The Dow and the S&P 500 have risen 6.9% and 4.3%, respectively, so far in March. The tech-heavy NASDAQ, however, has dipped 0.4% this month as some investors jumped high-flying technology names amid rising yields.

□□ A recent rise in the benchmark US 10-year Treasury yield and other bond yields around the world have triggered volatility in equity markets, as investors began to question the valuations of growth-based sectors susceptible to higher interest rates.

Biden's plan

□□ Investors are awaiting updates from President Joe Biden about his infrastructure plan which could cost USD3 trillion. The president is expected to unveil his plan when he travels to Pittsburgh on Wednesday. Biden aims to inject more money into the economy after this month's passage of his top priority, a USD1.9 trillion coronavirus relief package. His administration and congressional Democrats hope to revamp the country's infrastructure, combat climate change and jolt an improving US economy.

□□ The market isn't placing very high odds on this infrastructure/tax blueprint coming to fruition and while Biden probably won't get everything he's asking for, Congressional Democrats and the White House are intent on passing some substantial bills in the coming months. For this week, the stock market is closed for the Good Friday holiday, but the March jobs report is still slated for release that morning. Economists expect 630,000 jobs were added in March, and the unemployment rate fell to 6% from 6.2%.

□□ However, some traders saw the weaker-than-expected number as a positive sign because it could pressure lawmakers to move forward with additional fiscal stimulus. Friday's jobs report data is beckoning lawmakers to act on additional fiscal stimulus measures in order to bridge the output gap in the economy until a vaccine is deployed. The longer they hold out, the wider the gap may become.

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