

2021 Opens With a Bang

Market volatility continues into the new year.

Provided by DSA Financial Group

The first week of 2021 has already had many ups and downs. Just because it's a new year doesn't mean that the 2020 issues go away, and so far, 2021 has been no exception to this rule.

The markets opened on January 4 and traded lower out of the gate, with the S&P 500 dropping 1.5%. The last time the market opened lower was in 2016, when the S&P 500, the Dow Jones, and the Nasdaq Composite all dropped on the first trading day of the new year.^{1,2}

The stock market's first hurdle of the New Year was to assess the runoff elections happening for the two Senate seats in Georgia. A special election has only happened three other times in our nation's history, so the market appeared anxious about the process.^{3,4}

The bond market also got into the act early in the new year. The yield on the 10-year Treasury bond closed over 1% for the first time since March 2020 as investors anticipated a pick up in inflation.⁵

The market's second hurdle was the electoral college count that would confirm Joe Biden as the 46th president of the United State. A protest during the vote count unnerved investors, and most of the New Year's rally was undone. But a day later, the market climbed higher as traders looked past the unrest.⁶

What does this fast-paced market activity mean for you, as an investor?

There will always be a lot of noise. But remember, making a change to your portfolio should be driven by sound analysis, not an emotional response to current events. The events of the past few days are part of the volatility that comes along with investing, and something we've anticipated as we developed your overall financial strategy.

If you are concerned about one or more of the policies being discussed in our nation's capital, please give us a call. We'd welcome the chance to hear your perspective, and hopefully, we can provide some insight and guidance.

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Citations

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