

**American stock markets are in sensible correction today.** Companies keep publishing strong performance reports, and quarantine restrictions are relieved in the U.S.; however, this does not create momentum for the market to continue growth. In fact, Treasury Secretary Janet Yellen's statement regarding the future growth of interest rates accelerated plunging of indexes.

*As at 8:15 p.m. (MSK), S&P500 lost about 1.1%, and Dow Jones went down a bit slower, by 0.3%. As to NASDAQ technology index, it fell 2,5% after another block sale of 'tech' stock.*

Key indicators as of Tuesday evening (May 4<sup>th</sup>, 2021):

- S&P 500: -1.1%
- NASDAQ: -2.5%
- Dow Jones: -0.3%
- 10-Yr UST yield: 1.594 (-0.81%)
- IMOEX: +0.94%, RTSI: +1.18%
- Gold: \$1,776 (-0.9%)
- Copper: \$9,939 (+1.44%)
- Brent: \$68.8 (+1.82%)
- USD/RUB: 74.9 (-0.07%)

**Yellen's statement on possible growth of interest rates at Future Economy Summit today shows how much the market fears such a scenario becoming true.** However, it inevitably will.

U.S. Treasury Secretary said interest rates may have to rise modestly to prevent the U.S. economy from overheating.

*In reality, today's overheated market carries many risks which are currently not spoken of much. These include possible growth of interest rates, accelerating inflation, and probable new wave of COVID-19 this fall, not to mention the fact that the market has been high for a long time now.*

**Big investment houses increase year-end targets for key indexes as one.** It would be naive to assume they are unaware of such risks. Nonetheless, many expect that new maximums will be reached by the end of 2021 for both S&P500 and NASDAQ.

**Well, maybe risks we are talking about (or concerns about such risks) will occur this fall. Or maybe earlier.** As we wrote multiple times, we are going to increase gradually the share of cash and protection instruments in our portfolios by summer. We won't rule out we are somewhat close to this. Naturally, as usual, we will do it nice and easy, avoiding rushed decisions.

*Other remarkable developments include data on U.S. budget deficit which continued to smash new records and reached \$74.4 billion in March. By the way, experts had predicted stronger growth to \$74.5 billion.*

**Apart from that, USA continues to relieve quarantine restrictions as vaccination numbers grow.** Most restrictions on the number of visitors in public places are going to be canceled on May 19 in New York, New Jersey and Connecticut. Florida's Governor lifted all restrictions in the state by signing the corresponding order on Monday.



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