



# **THE CONCORD ADVISORY GROUP, LTD.**

*Institutional Investment Consulting Services*

## ***MARCH 2021 MARKET HIGHLIGHTS***

***“DIGITAL DOLLARS”***

# THE CONCORD ADVISORY GROUP, LTD: MARCH 2021 MARKET HIGHLIGHTS

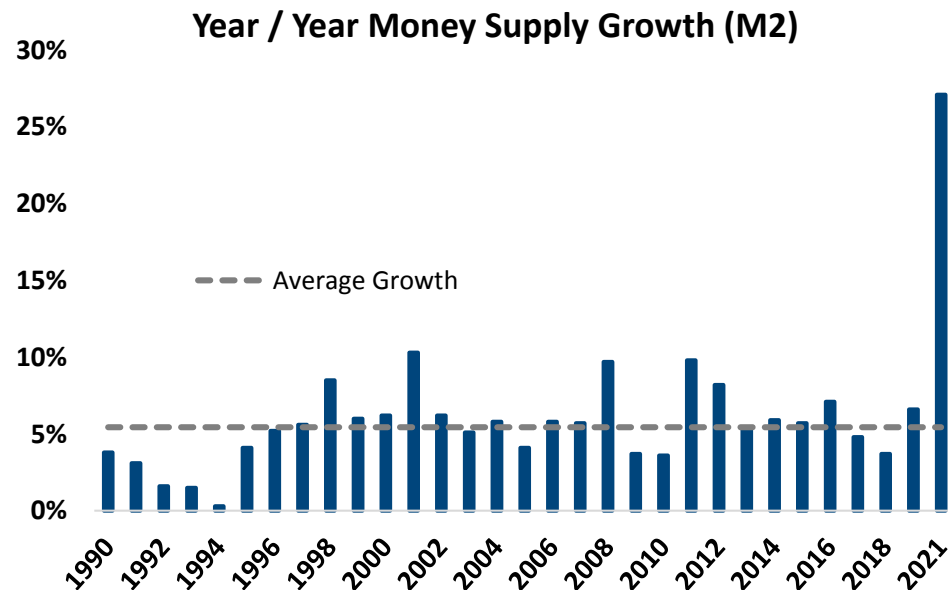
## COMMENTARY: “DIGITAL DOLLARS”

In the U.S., the principle of money has changed numerous times and may soon be changing again. The history of U.S. currency starts with the Constitution giving Congress the power to “coin money” and “regulate the value thereof”. From 1793 until 1861, when the first paper money was printed, all U.S. currency was coins. There is a substantial difference between coined money and paper money, as coins have intrinsic value. For example, pennies minted before 1982 have a copper content worth 2.7 cents. Today’s nickels have a metal content worth about 5.4 cents. If you are lucky enough to find a quarter minted prior to 1964 in your change, the silver content in that coin is worth about \$4.50 (Source: Coinflation.com). After coins, precious metals backed the value of paper money until 1971, when the U.S. stopped allowing the conversion of dollars into gold. Today’s U.S. dollars are fiat money – money backed by nothing and made legal tender by government decree.

The Federal Government is growing its role in controlling of the money supply. As the government spends more on fiscal stimulus, it is being financed through money creation. Since 1990, money supply (M2) has grown at an average rate of about 5 percent per year, but over the last 12 months M2 has grown by 27 percent!

The next iteration of U.S. money may be the digital dollar, an electronic currency that eventually replaces paper money and coins. The Federal Reserve Bank of Boston and MIT are working on a prototype system to make the digital dollar possible. The U.S. is not the only country considering a digital currency; Europe and China are also exploring digitization of their money as well. Governments and central banks believe that digital currencies will give them more power to influence their economies.

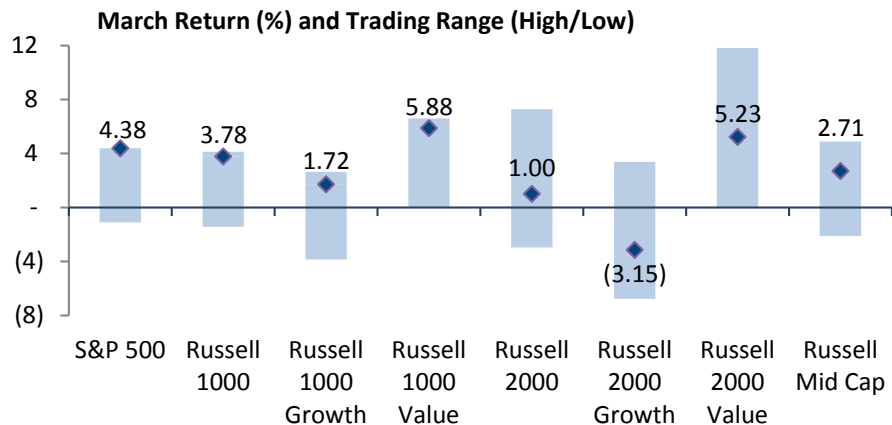
Probably the biggest addition control provided by digital currencies is the ability to implement meaningfully negative cash interest rates. Right now, if the Fed decided to impose negative interest rates, people could pull money out of the banking system and hoard cash, something that is not possible with a digital currency. Fast forward to a future recession after digital currency displaces physical currency, and it is easy to envision a scenario in which the interest rate on cash is meaningfully negative, incentivizing people to spend their money fast. It is early in the process, but a digital currency would be a transformational change in finance.



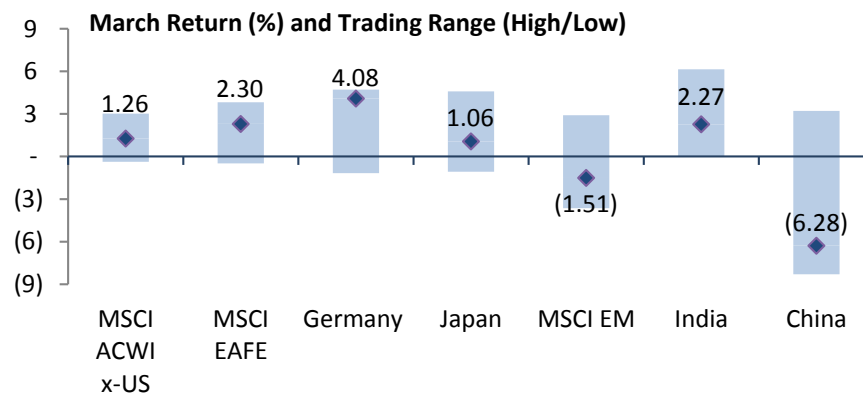
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## MONTHLY CHARTS

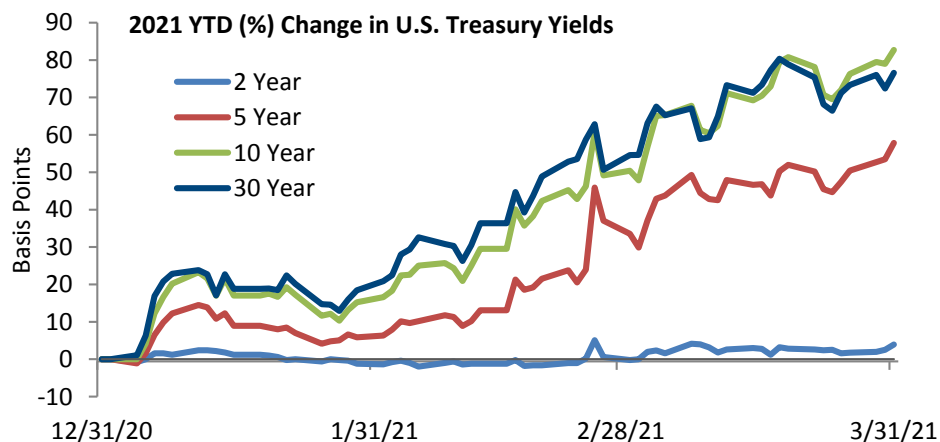
**U.S. Equities:** U.S. equities generated positive returns in March, bolstered by government stimulus, the continuation of vaccine roll-out and signs of an economic rebound.



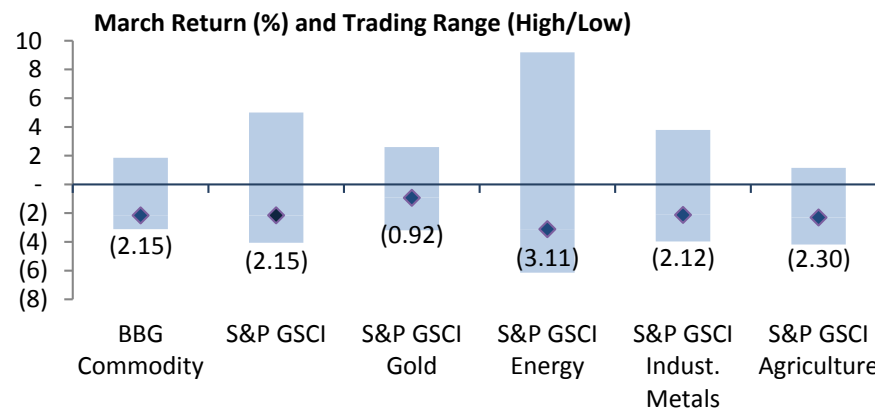
**International Equities:** Non-U.S. developed markets trailed domestic equities due to slower progress against COVID-19. Emerging markets lagged amid notably poor results from Chinese equities.



**Fixed Income:** Fixed income markets broadly declined in March as interest rates moved higher.



**Commodities:** In a turnaround from recent months, broad commodities prices were negative during the month. Silver, Nickel, and Natural Gas were among the worst performing individual commodities.

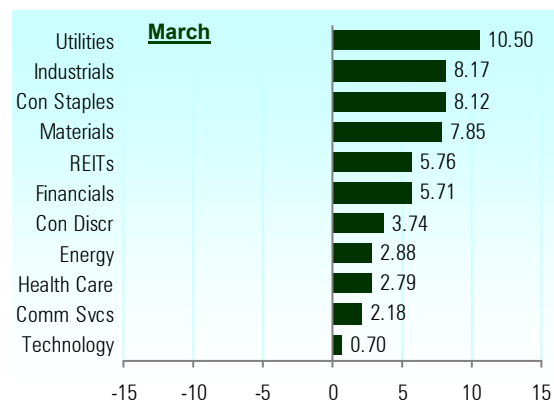


# Concord Advisory Group: March 2021 Market Performance

## Equity Markets

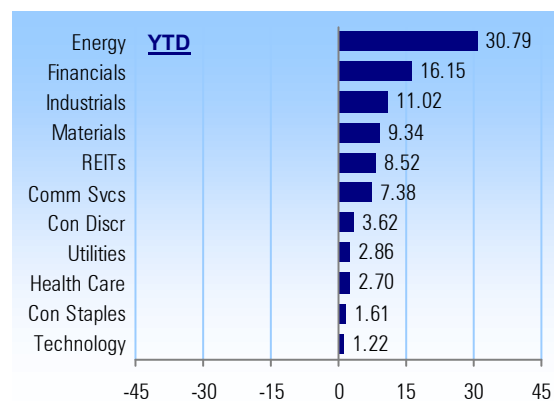
	Past Month	Past 3 Months	YTD	1 Yr	3 Yrs	5 Yrs
S&P 500	4.38%	6.17%	6.17%	56.35%	16.78%	16.29%
Russell 1000	3.78%	5.91%	5.91%	60.59%	17.31%	16.66%
Russell 1000 Growth	1.72%	0.94%	0.94%	62.74%	22.80%	21.05%
Russell 1000 Value	5.88%	11.26%	11.26%	56.09%	10.97%	11.75%
Russell MidCap	2.71%	8.14%	8.14%	73.64%	14.74%	14.68%
Russell 2000	1.00%	12.70%	12.70%	94.85%	14.76%	16.35%
Russell 2000 Growth	-3.15%	4.88%	4.88%	90.20%	17.17%	18.61%
Russell 2000 Value	5.23%	21.17%	21.17%	97.05%	11.57%	13.56%
MSCI ACWI	2.67%	4.57%	4.57%	54.60%	12.08%	13.22%
MSCI World	3.33%	4.92%	4.92%	54.03%	12.81%	13.36%
MSCI ACWI Ex-US	1.26%	3.49%	3.49%	49.41%	6.51%	9.76%
MSCI EAFE	2.30%	3.48%	3.48%	44.57%	6.02%	8.85%
MSCI EM	-1.51%	2.29%	2.29%	58.39%	6.48%	12.07%
Bloomberg Commodity	-2.15%	6.92%	6.92%	35.04%	-0.20%	2.30%

## Equity Sector Returns (%)



## Equity Style Returns (%)

	Value	Core	Growth
<b>Large</b>	5.88	3.78	1.72
<b>Mid</b>	5.16	2.71	-1.91
<b>Small</b>	5.23	1.00	-3.15

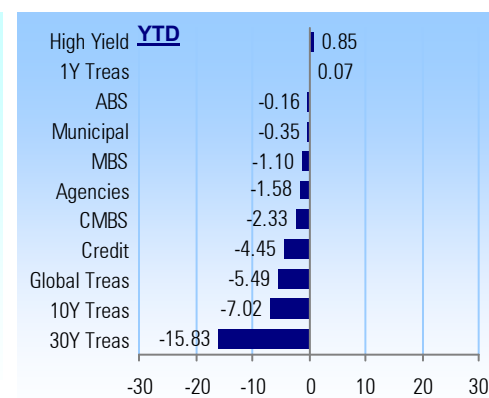
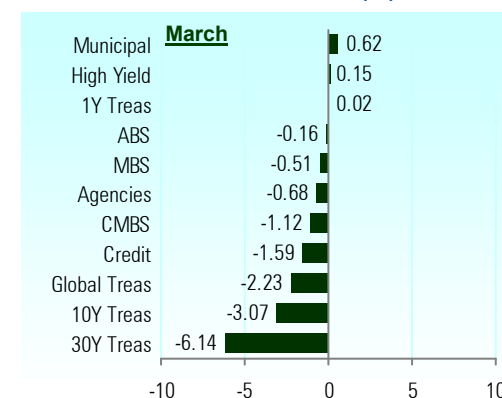


	Value	Core	Growth
<b>Large</b>	11.26	5.91	0.94
<b>Mid</b>	13.05	8.14	-0.57
<b>Small</b>	21.17	12.70	4.88

## Fixed Income Markets

	Past Month	Past 3 Months	YTD	1 Yr	3 Yrs	5 Yrs
Barclays Capital Aggregate	-1.25%	-3.37%	-3.37%	0.71%	4.66%	3.10%
Barclays Capital Global Aggregate	-1.92%	-4.46%	-4.46%	4.67%	2.80%	2.65%
Barclays Capital Intermediate Aggregate	-0.69%	-1.61%	-1.61%	1.38%	4.17%	2.66%
Barclays Capital Universal	-1.16%	-3.05%	-3.05%	2.95%	4.86%	3.59%
Barclays Capital Government	-1.51%	-4.14%	-4.14%	-4.26%	4.10%	2.26%
Barclays Capital Credit	-1.59%	-4.45%	-4.45%	7.88%	5.95%	4.67%
Barclays Capital Municipal	0.62%	-0.35%	-0.35%	5.51%	4.92%	3.50%
Barclays Capital High Yield	0.15%	0.85%	0.85%	23.72%	6.84%	8.06%
Barclays Capital Mortgage	-0.51%	-1.10%	-1.10%	-0.09%	3.74%	2.42%
Barclays Capital 1-3 Yr Gov/Credit	-0.05%	-0.04%	-0.04%	1.57%	3.04%	2.01%
FTSE 3-Month Treasury Bill	0.01%	0.02%	0.02%	0.21%	1.45%	1.15%
FTSE World Govt Bond	-2.09%	-5.68%	-5.68%	1.82%	2.09%	2.15%
Barclays Capital U.S. TIPS	-0.19%	-1.47%	-1.47%	7.54%	5.68%	3.87%
BofAML Invest Grade Convertible	2.40%	3.42%	3.42%	29.32%	9.95%	13.65%

## Fixed Income Sector Returns (%)



## Treasury Yield Curve

