Monthly Highlights • March 2021 • formanis.com

FROM THE OFFICE

Forman Investment Services welcomes newest team member

Wade Forman
Relationship Manager, RJFS

Wade Forman is the third-generation of Forman family to join the Forman Investment Services team.

Wade graduated from the University of Indianapolis with a degree in finance in 2020, and looks forward to assisting clients.

Wade played football throughout high school at Columbus East, where he was part of the state championship-winning team in 2014, and the runner-up team in 2017. In college at UIndy, he was part of the 2017 Great Lakes Valley Conference Champion team.

He is active at St. Peters Lutheran Church in Columbus, and is a member of the Columbia Club in Indianapolis. Wade is also the owner of Tailored Society, where he is a professional clothier, creating custom garments for high-performing individuals throughout the Midwest.

Raymond James is not affiliated with the above listed organizations.

Welcome, Noah!

Nick and Maggie Combs are proud to announce the birth of their second son, Noah David Combs.

Noah was born February 19, 2021, weighing 5 lbs. 13 oz. Big brother Oliver is very excited to welcome his new sibling home!

FOR FUN

When can the combination of two investments generate greater returns than the 2 individual investments alone?

MARK YOUR CALENDAR

2021 Tax and Retirement Information

INCOME TAX BRACKETS	
Single	
$0 – $9,950	10%
$9,951 – $40,525	12%
$40,526 – $86,375	22%
$86,376 – $164,925	24%
$164,926 – $209,425	32%
$209,426 – $523,600	35%
$523,601	37%
Married Filing Jointly	
$0 – $19,900	10%
$19,901 – $81,050	12%
$81,051 – $172,750	22%
$172,751 – $329,850	24%
$329,851 – $418,850	32%
$418,851 – $628,300	35%
$628,301	37%
Married Filing Separately	
$0 – $9,950	10%
$9,951 – $40,525	12%
$40,526 – $86,375	22%
$86,376 – $164,925	24%
$164,926 – $209,425	32%
$209,426 – $314,150	35%
$314,151	37%
Head of Household	
$0 – $14,200	10%
$14,201 – $54,200	12%
$54,201 – $86,350	22%
$86,351 – $164,900	24%
$164,901 – $209,400	32%
$209,401 – $523,600	35%
$523,601	37%

STANDARD DEDUCTIONS	Annual	Additional age 65+ or blind
Married/Filing Jointly	$25,100	$1,350
Single	$12,550	$1,700
Head of Household	$18,800	$1,700

KEY TAX RULES

Kiddie Tax	Tax Rate
Unearned income < $1,100	0%
Unearned Income > $1,100 < $2,200	Child’s tax rate
Unearned Income > $2,200	Parent’s tax rate. This change can be applied retroactively to tax years after December 31, 2017.

The Kiddie Tax rules apply to unearned income of the following:

- A child under age 18 at the end of each tax year
- An 18-year-old whose earned income does not exceed one-half of his or her support
- A 19-to-23-year-old full-time student whose earned income does not exceed one-half of his or her support

Child Tax Credit

Child Tax Credit has been increased to $2,000 per child 16 and under with $1,400 being refundable. The Child Tax Credit also phases out beginning at $400,000 (MFJ) and $200,000 (all other filing).

Mortgage Interest Deduction

$750,000 deductibility limit for acquisition indebtedness incurred after December 14, 2017. Allowed for up to 2 homes.

No deduction for home equity loans unless proceeds are used to substantially improve the home that secures the loan, and meet the definition of acquisition debt.

State and Local Tax Deduction

State and Local Tax Deduction	$10,000

LONG TERM CAPITAL GAIN/QUALIFIED DIVIDEND INCOME

Tax Rate	Single	Married Filing Jointly	Head of Household	Married Filing Separately
0%	Less than $0 – $40,400	Less than $0 – $80,800	Less than $0 – $54,100	Less than $0 – $40,400
15%	15%: $40,401 – 445,850	$80,801 – $501,600	$54,101 – $473,750	$40,401 – $250,800
20%	Over $445,850	Over $501,600	Over $473,750	Over $250,800
Capital Loss Limit	$3,000	$3,000	$3,000	$1,500

ALTERNATIVE MINIMUM TAX (AMT)

Filing Status	Exemption Amount	Threshold
Single Filers and Head of Household	$73,600	$523,600
Married Filing Jointly and Surviving Spouses	$114,600	$1,047,200
Married Filing Separately	$57,300	$523,600

3.8% SURTAX ON UNEARNED INCOME

The Net Investment Income Tax applies to individuals, trusts and estates. Unearned income includes interest, dividends, annuities, royalties, capital gains and other passive income.

The tax applies to the lesser of 1) net investment income or 2) the excess of MAGI over the threshold amount.

This tax applies to taxpayers with MAGI exceeding:

- $250,000 for taxpayers filing jointly
- $125,000 for taxpayers filing married filing separately
- $200,000 for other taxpayers

TRUST AND ESTATE INCOME TAX RATES

If Taxable Income is:	Your Tax is:
$0 – $2,650	10%
$2,651 – $9,550	$265 + 24% on the amount over $2,650
$9,551 – $13,050	$1,921 + 35% on amount over $9,550
$13,051	$3,146 + 37% on amount over $13,050

HEALTH ACCOUNTS

Health flexible spending account maximum (FSA)	$2,750
Health savings account maximum – self coverage only (HSA)	$3,600
Health savings account maximum – family coverage	$7,200
Annual catch-up for age 55 and older	$1,000

FICA

	Employee	Employer	Self Employed
OASDI (Social Security) Maximum	6.2	6.2	12.4
HI (Medicare) Maximum	1.45	1.45	2.9

An additional 0.9% HI tax applies on individuals with wages or self-employment income in excess of $200,000 (single and qualifying widow(er)s), $250,000 (married/filing jointly), or $125,000 (married/filing separately).

SOCIAL SECURITY		
Annual Figures		
Maximum earnings subject to FICA	$142,800	
2021 Cost-of-living adjustment	1.3%	
Taxation of Benefits – Determined by Provisional Income		
= Adjusted Gross Income + Tax-Exempt Interest + 1/2 SS Benefits		
Single	Married	% of Benefits Taxed
Less than $25K	less than $32K	0%
$25K – $34K	$32K – $44K	Up to 50%
More than $34K	More than $44K	Up to 85%
Benefits Withholding – The Earned Income Test		
Under FRA in 2021	$1/$2 of earnings above annual limit ($18,960)	
Reach FRA in 2021	$1/$3 of earnings above annual limit ($50,520)	
Month of retirement age and beyond	No limit on earnings. Future benefits increased base on amount of benefits withheld.	

RETIREMENT	
Traditional and Roth IRA Contribution Limits	
Under age 50	$6,000
Age 50 and over	$7,000
Deductibility of IRA Contribution (Phaseouts)	**MAGI**
Covered by Retirement Plan	
Single	$66,000 – $76,000
Married Filing Jointly	$105,000 – $125,000
Not Covered by Retirement Plan	
Single or Married Filing Jointly	Unlimited
Spouse Covered	$198,000 – $208,000
Roth IRA Contribution Eligibility	
Single	$125,000 – $140,000
Married Filing Jointly	$198,000 – $208,000
Married Filing Separately	$0 – $10,000
SEP Contribution	
Up to 25% of compensation	maximum $58,000
Compensation to participate in SEP	$650
SIMPLE Elective Deferral	
Under age 50	$13,500
Age 50 and over	$16,500

401(k), 403(b), 457 and SARSEP	
Under age 50	$19,500
Age 50 and over	$26,000
Defined Contribution 415 Limit	$58,000
Defined Benefit 415 Limit	$230,000
Highly Compensated Employee	$130,000
Compensation Limit	$290,000

2021 ESTATE, GIFT AND GENERATION SKIPPING TAX	
Annual Gift Tax Exclusion	$15,000
Non–Citizen Spouse Annual Exclusion	$159,000
Gift and Estate Tax Applicable Exclusion Amount	$11,700,000
Generation Skipping Tax Exemption Amount	$11,700,000

Basic exclusion amount plus deceased spousal unused amount (exclusion is portable for 2011 and later years). The estimated tax exemption is not portable.

EDUCATION	
Coverdell Contributions	$2,000
Phaseout for Contribution	MAGI
Single	$95,000 – $110,000
Married Filing Jointly	$190,000 – $220,000
529 Plan Contributions	
Accelerates 5 years of gifting into 1 year for individual gift.	$75,000
Accelerates 5 years of gifting into 1 year for joint gift.	$150,000
ABLE contribution limit	$15,000

The Tax Cuts and Jobs Act enables individuals to roll over funds from a Qualified Tuition Plan to an ABLE account of the same beneficiary or beneficiary's family.
Rollovers from 529 plans are still subject to $15,000 annual contribution limits in 2020.

Lifetime Learning Credit	
Maximum Credit	$2,000
Phaseout single	$80,000 – $90,000
Married Filing Jointly	$160,000 – $180,000
Student Loan Interest	
Deduction limit	$2,500
Phaseout single	$70,000 – $85,000 MAGI
Married Filing Jointly	$80,000 – $170,000 MAGI
Phaseout of tax-free saving bonds interest	
Single	$83,200 – $98,200* MAGI
Married Filing Jointly	$124,800 – $154,800 * MAGI
American Opportunity Tax Credit	
Maximum Credit	$2,500
Phaseout single	$80,000 – $90,000 MAGI
Married Filing Jointly	$160,000 – $180,000 MAGI

*for qualified education expenses

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Trust Basics

Whether you're seeking to manage your own assets, control how your assets are distributed after your death, or plan for incapacity, trusts can help you accomplish your estate planning goals. Their power is in their versatility--many types of trusts exist, each designed for a specific purpose. Although trust law is complex and establishing a trust requires the services of an experienced attorney, mastering the basics isn't hard.

What is a trust?

A trust is a legal entity that holds assets for the benefit of another. Basically, it's like a container that holds money or property for somebody else. There are three parties in a trust arrangement:

- The grantor (also called a settlor or trustor): The person(s) who creates and funds the trust
- The beneficiary: The person(s) who receives benefits from the trust, such as income or the right to use a home, and has what is called equitable title to trust property
- The trustee: The person(s) who holds legal title to trust property, administers the trust, and has a duty to act in the best interest of the beneficiary

You create a trust by executing a legal document called a trust agreement. The trust agreement names the beneficiary and trustee, and contains instructions about what benefits the beneficiary will receive, what the trustee's duties are, and when the trust will end, among other things.

Funding a trust

You can put almost any kind of asset in a trust, including cash, stocks, bonds, insurance policies, real estate, and artwork. The assets you choose to put in a trust will depend largely on your goals. For example, if you want the trust to generate income, you should put income-producing assets, such as bonds, in your trust. Or, if you want your trust to create a fund that can be used to pay estate taxes or provide for your family at your death, you might fund the trust with a life insurance policy.

Potential trust advantages:

- Minimize estate taxes
- Shield assets from potential creditors
- Avoid the expense and delay of probate
- Preserve assets for your children until they are grown (in case you should die while they are still minors)
- Create a pool of investments that can be managed by professional money managers
- Set up a fund for your own support in the event of incapacity
- Shift part of your income tax burden to beneficiaries in lower tax brackets
- Provide benefits for charity

Potential trust disadvantages

- There are costs associated with setting up and maintaining a trust, which may include trustee fees, professional fees, and filing fees
- Depending on the type of trust you choose, you may give up some control over the assets in the trust
- Maintaining the trust and complying with recording and notice requirements can take considerable time
- Income generated by trust assets and not distributed to trust beneficiaries may be taxed at a higher income tax rate than your individual rate

Whether you're seeking to manage your own assets, control how your assets are distributed after your death, or plan for incapacity, trusts can help you accomplish your estate planning goals. For more information, consult an experienced attorney.

Types of trusts

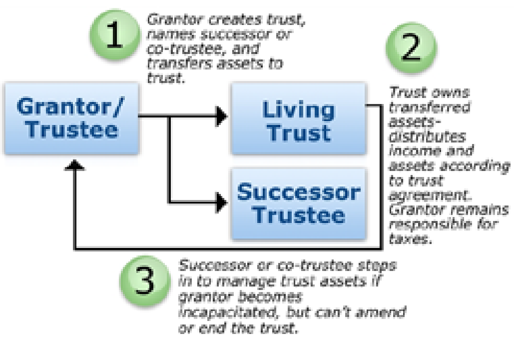
There are many types of trusts, the most basic being revocable and irrevocable. The type of trust you should use will depend on what you're trying to accomplish.

Living (revocable) trust

A living trust is a trust that you create while you're alive.

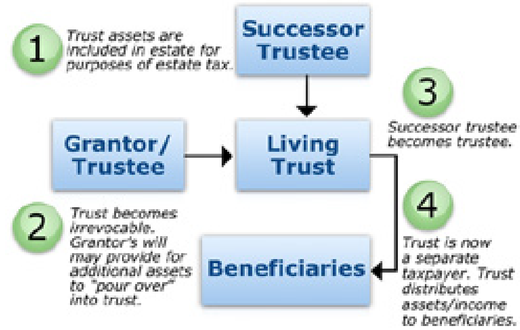
A living trust:

- Avoids probate: Unlike property that passes to heirs by your will, property that passes by a living trust is not subject to probate, avoiding the delay of property transfers to your heirs and keeping matters private
- Maintains control: You can change the beneficiary, the trustee, any of the trust terms, move property in or out of the trust, or even end the trust and get your property back at any time
- Protects against incapacity: If because of an illness or injury you can no longer handle your financial affairs, a successor trustee can step in and manage the trust property for you while you get better. In the absence of a living trust or other arrangement, your family may have to ask the court to appoint a guardian to manage your property



A living trust can also continue after your death--you can direct the trustee to hold trust property until the beneficiary reaches a certain age or gets married, for instance.

Caution: *Despite the benefits, living trusts have some drawbacks. Property in a living trust is generally not protected from creditors, and you cannot avoid estate taxes using a living trust.*



Irrevocable trusts

Unlike a revocable trust, you can't easily change or revoke an irrevocable trust. You usually cannot change beneficiaries or change the terms of the trust. Irrevocable trusts are frequently used to minimize potential estate taxes. The transfer may be subject to gift tax at the time property is transferred into the trust, but the property, plus any future appreciation, is usually removed from your gross estate.

Additionally, property transferred through an irrevocable trust will avoid probate, and may be protected from future creditors.

The Markets (as of market close February 26, 2021)

February began on a high note as investors drew encouragement from strong fourth-quarter earnings reports and encouraging employment data. However, news was not all positive. The COVID-related death toll in the United States reached 500,000. Nevertheless, two vaccines were rolled out last month, with a third one on tap for release in March.

While rhetoric surrounding additional fiscal stimulus continued throughout the month, February saw no congressional deal reached. However, the Federal Reserve continued to offer assurances that continued accommodative measures would remain in place for the foreseeable future.

February saw crude oil and gasoline prices surge. COVID-19 hit economies hard and restricted travel, which limited the demand for oil and gas. In response, several oil-producing countries slashed oil production. However, despite economies gradually recovering and travel picking up, oil-producing nations have been slow to increase production, causing crude oil and gas prices to climb.

Last month also offered more evidence that the economy is slowly regaining some positive momentum. The employment report included the addition of about 50,000 new jobs. The number of unemployed continues to drop, but remains significantly above pre-pandemic levels. The fourth-quarter GDP advanced 4.1%. Industrial production advanced for a second consecutive month, and the housing sector maintained impressive strength.

Despite closing the month on a downturn, stocks ended February in the black. The small caps of the Russell 2000 added 6.1%, followed by the Global Dow, the Dow, the S&P 500, and the Nasdaq. The Russell 2000 remains well ahead of its 2020 closing value, followed by the Global Dow, the Nasdaq, the S&P 500, and the Dow.

The market sectors ended the month mixed, with energy advancing 16.1%, followed by financials (8.4%), real estate (3.2%), industrials (3.2%), and communication services (2.6%). Both consumer discretionary and utilities lost 5.9%. Health care dropped 3.6%, followed by information technology (-2.5%), consumer staples (-1.4%), and materials (-0.2%).

The yield on 10-year Treasuries gained 37 basis points. The dollar inched ahead, and crude oil prices surged past $60.00 per barrel after climbing over 18.0% in February. Gold fell for the second consecutive month.

The national average retail price for regular gasoline was $2.633 on February 22, $0.241 higher than the January 25 selling price of $2.392, and $0.078 more than a year ago.

	2020 Close	Prior Month	As of Feb. 26	Monthly Change	YTD Change
DJIA	30,606.48	29,982.62	30,932.37	3.17%	1.06%
NASDAQ	12,888.28	13,070.69	13,192.35	0.93%	2.36%
S&P 500	3,756.07	3,714.24	3,714.24	2.61%	1.47%
Russell 2000	1,974.86	2,073.64	2,201.05	6.14%	11.45%
Global Dow	3,487.52	3,455.84	3,667.77	6.13%	5.17%
Fed. Funds target rate	0.00%-0.25%	0.00%-0.25%	0.00%-0.25%	0 bps	0 bps
10-year Treasuries	0.91%	1.09%	1.46%	37 bps	55 bps
US Dollar-DXY	89.84	90.57	90.91	0.38%	1.19%
Crude Oil-CL=F	$48.52	$52.17	$61.63	18.13%	27.02%
Gold-GC=F	$1,893.10	$1,847.30	$1,731.10	-6.29%	-8.56%

Chart reflects price changes, not total return. Because it does not include dividends or splits, it should not be used to benchmark performance of specific investments.

Last Month's Economic News

- **Employment**: Employment added 49,999 new jobs in January after decreasing by 140,000 in December. In December, the unemployment rate fell by 0.4 percentage point to 6.3%, and the number of unemployed persons decreased by 600,000 to 10.1 million. Although both measures are much lower than their April highs, they remain well above their pre-pandemic levels in February 2020 (3.5% and 5.7 million, respectively). Among the unemployed, the number of persons on temporary layoff decreased in January to 2.7 million. This measure is down considerably from the recent high of 18.0 million in April but is 2.0 million higher than its February 2020 level. In January, the number of persons not in the labor force who currently want a job, at 7.0 million, was little changed over the month (7.3 million in December) but is 2.3 million higher than in February 2020. In January, the number of employed persons who teleworked because of the coronavirus pandemic edged down to 23.2%, 0.5 percentage point lower than December. In January, 14.8 million persons reported that they had been unable to work because their employer closed or lost business due to the pandemic. This measure is 1.1 million lower than in December. In January, notable job growth occurred in professional and business services (97,000), local government education (49,000), management and technical consulting services (16,000), computer systems design and related services (11,000), and scientific research and development services (10,000). In January, employment in leisure and hospitality declined by 61,000, following a steep decline in December (-536,000). The labor force participation rate and the employment-population ratio were little changed over the month, at 61.54% and 57.5%, respectively. Average hourly earnings increased by $0.06 to $29.96 in January and are up 5.4% from a year ago. The average work week increased by 0.3 hour to 35.0 hours in January.
- Claims for unemployment insurance continued to drop in February. According to the latest weekly totals, as of February 20 there were 4,419,000 workers receiving unemployment insurance benefits, down from the January 23 total of 4,881,750. The insured unemployment rate fell 0.3 percentage point to 3.1%.

During the week ended February 6, Extended Benefits were available in 18 states (19 states during the week of January 9); 51 states reported 7,518,951 continued weekly claims for Pandemic Unemployment Assistance benefits (7,334,193 in January), and 51 states reported 5,065,890 continued claims for Pandemic Emergency Unemployment Compensation benefits (3,863,548 in January).

- **FOMC/interest rates:** The Federal Open Market Committee did not met in February and is scheduled to meet during the third week of March. It will bear watching how the Committee responds to signs that the economy and inflationary pressures are showing signs of picking up steam.
- **GDP/budget:** The gross domestic product advanced at an annual rate of 4.1% in the fourth quarter of 2020. The GDP increased 33.4% in the third quarter after contracting 31.4% in the second quarter. Consumer spending, as measured by personal consumption expenditures, increased 2.4% in the fourth quarter after surging 41.0% in the third quarter. Nonresidential (business) fixed investment climbed 14.0% following a 22.9% increase in the third quarter; residential fixed investment continued to advance, increasing 35.8% in the fourth quarter after soaring 63.0% in the prior quarter. Exports advanced 21.8% in the fourth quarter (59.6% in the third quarter), and imports increased 29.6% in the fourth quarter (93.1% in the third quarter). Federal nondefense government expenditures decreased 8.9% in the fourth quarter following a third-quarter decline of 18.3% as federal stimulus payments and aid lessened. The GDP fell 3.5% in 2020 after increasing 2.2% in 2019. Personal consumption expenditures dropped 2.63%; nonresidential fixed investment declined 0.53%; residential fixed investment rose 0.23%; exports dropped 1.47%; imports rose 1.33%; and nondefense government spending advanced 0.14%.
- The federal budget deficit in January came in at a smaller-than-expected $162.8 billion, but is still five times higher than the January 2020 deficit of $32.6 billion. The deficit for the first four months of fiscal year 2021, at $735.7 billion, is $346.5 billion, or nearly 89%, higher than the first four months of the previous fiscal year. Through January, government outlays, at $547.5 billion, were 35% above the January 2020 figure, while receipts increased only 3%. Economic Impact Payments of $139 billion were a major contributor to the increased January outlays.
- **Inflation/consumer spending:** Inflationary pressures showed definite signs of increasing in January. According to the latest Personal Income and Outlays report, personal income climbed 10.0% in January, and disposable personal income advanced 11.4% after each index increased 0.6% in December. Consumer spending increased 2.4% in January after falling 0.4% the previous month. Consumer prices edged up 0.3% in January after climbing 0.4% in December. Over the last 12 months, consumer prices increased 1.5%, personal income advanced 6.1%, while personal consumption expenditures (consumer spending) dipped 2.7%.
- The Consumer Price Index climbed 0.3% in January after advancing 0.2% (revised) in December. This is the largest monthly gain since August 2020. Over the 12 months ended in January, the CPI rose 1.4%. The increase in the index was driven by a 7.4% increase in gasoline prices. The food prices rose marginally in January, edging up just 0.1%. The CPI less food and energy prices was unchanged in January, but is up 1.4% over the past 12 months. In January, prices for apparel rose 2.2% (0.9% in December), while prices for new vehicles and used cars and trucks dropped 0.5% and 0.9%, respectively.
- Prices that producers receive for goods and services advanced 1.3% in January — the largest monthly increase in the history of the index. Producer prices increased 1.7% for the 12 months ended in January 2021, which is the largest yearly gain since climbing 2.0% for the 12 months ended in January 2020. Producer prices less foods, energy, and trade services rose for the ninth consecutive month after advancing 1.2% in January. Food prices increased 0.2% in January, while energy prices climbed 5.1%.
- **Housing:** The housing sector continued to advance in January. Sales of existing homes rose 0.6% in January after climbing 0.7% in December. Over the past 12 months, existing home sales increased 23.7%. The median existing-home price was $303,900 in January ($309,800 in December), up 14.1% from January 2020. Unsold inventory of existing homes fell 25.7% from January 2020 and represents a 1.9-month supply at the current sales pace, a record low. Sales of existing single-family homes also increased, climbing 0.2% in January after advancing 1.4% in December. Year over year, sales of existing single-family homes rose 23.0%. The median existing single-family home price was $308,300 in January, up from $272,200 in December.
- New single-family home sales also advanced, climbing 4.3% in January after advancing 1.6% in December. Sales of new single-family homes have increased 19.3% since January 2020. The median

sales price of new single-family houses sold in January was $346,400 ($353,100 in December). The January average sales price was $408,800 ($394,900 in December). The inventory of new single-family homes for sale in January represents a supply of 4.0 months at the current sales pace, down slightly from the December estimate of 4.1 months.

- **Manufacturing:** The manufacturing sector is clearly trending upward. Industrial production advanced 0.9% in January after climbing 1.6% in December. Manufacturing output rose 1.0%, mining production advanced 2.3%, while the output of utilities declined 1.2%. Total industrial production in January was 1.8% lower than it was a year earlier and 1.8% below its January 2020 reading. Notable increases in January include machinery output (0.5%), aircraft output (2.9%), consumer goods (0.7%), and materials (1.3%).
- For the ninth consecutive month, new orders for durable goods increased in January, soaring 3.4% following a 1.2% jump in December. Transportation, up eight of the last nine months, led the increase, advancing 7.8%. New orders for aircraft drove the transportation sector. New orders for nondefense aircraft and parts vaulted 389.9% in January, while new orders for defense aircraft and parts climbed 63.5%. Excluding transportation, new orders increased 1.4%. Excluding defense, new orders increased 2.3% in January (1.4% in December). New orders for capital goods increased 8.5% in January after falling 1.2% in December.
- **Imports and exports:** Both import and export prices rose higher in January for the second consecutive month. Import prices climbed 1.4% in January following a 1.0% increase the prior month. The January increase was the largest monthly advance since March 2012. Import fuel prices rose 7.4% in January following an 8.1% increase in December. Despite the recent increases, import fuel prices decreased 13.4% for the year ended in January. Nevertheless, the 12-month decrease in fuel prices was the smallest over-the-year drop for the index since February 2020. Nonfuel import prices rose 0.8% in January following a 0.4% advance the previous month. Export prices advanced 2.5% in January after advancing 1.3% in December. The price index for exports rose 2.3% for the year ended in January, the largest 12-month increase since the index advanced 3.1% in October 2018. Agricultural export prices increased 6.0% in January following a 0.9% advance in December. Nonagricultural exports rose 2.2% in January, the largest one-month increase since the index was first published monthly in December 1988.
- In January, the international trade in goods deficit was $83.7 billion, up 0.7% over December's deficit. Exports increased 1.4% and imports advanced 1.1%. For the 12 months ended in January, exports have fallen 0.7%, while imports have jumped 8.2%.
- The latest information on international trade in goods and services, out February 5, is for December and shows that the goods and services trade deficit was $66.6 billion, 3.5% under the November deficit. December exports were $190.0 billion, or 3.4%, more than November exports. December imports were $256.6 billion, or 1.5%, more than November imports. For 2020, the goods and services deficit was $678.7 billion, up $101.9 billion from the 2019 deficit. Exports were $2,131.9 billion, down $396.4 billion from 2019. Imports were $2,810.6 billion, down $294.5 billion from 2019.
- **International markets:** Economic recovery from the devastation caused by the COVID-19 pandemic has been slow to ramp up. The gross domestic product for the Eurozone was at an annualized rate of -0.6% for the fourth quarter and -5.0% for 2020. Within this group, the fourth-quarter GDP for France fell 1.3%, Italy dipped 2.0%, and Austria plunged 4.3%. On the other hand, the fourth-quarter GDP for Germany and Spain advanced 0.1% and 0.4%, respectively. In China, the Consumer Price Index increased 1.0% in January, but fell 0.3% year over year. In the markets, the EURO STOXX gained about 3.6% in January; the United Kingdom's FTSE inched up 1.2%; Japan's Nikkei 225 advanced 4.7%; and China's Shanghai Composite Index added about 1.0%.
- **Consumer confidence:** The Conference Board Consumer Confidence Index® improved again in February after increasing in January. The index stood at 91.3 in February, up from 88.9 in January. The Present Situation Index, based on consumers' assessment of current business and labor market conditions, increased from January's 85.5 to 92.0 in February. The Expectations Index, based on consumers' short-term outlook for income, business, and labor market conditions, fell from 91.2 in January to 90.8 in February.

Eye on the Month Ahead

The economy continues to show signs of recovery. Decreasing numbers of COVID cases and increasing distribution of vaccines provide some measure of optimism that some semblance of normalcy is approaching. Focus will be on the FOMC, which meets in March for the first time since January. The Committee could project a timeline for scaling back the quantitative easing that has been in place for more than a year.

Content Prepared by Broadridge Investor Communication Solutions, Inc.

Key Dates & Data Releases

3/1: Markit PMI Manufacturing Index
3/3: Markit PMI Services Index
3/5: Employment situation, international trade in goods and services
3/10: Treasury budget, Consumer Price Index
3/11: JOLTS
3/12: Producer Price Index
3/16: Retail sales, industrial production, import and export prices
3/17: Housing starts, FOMC statement
3/22: Existing home sales
3/23: New home sales
3/24: Durable goods orders
3/25: GDP
3/26: Personal income and outlays, international trade in goods

ANSWER TO TRIVIA QUESTION

If you have two investments, one with annual returns of 0%, 5% and 15% (20.8% over 3 years) and the second one with annual returns of 30%, -30%, and 30% (18.3% over 3 years), an annual 60%/40% combination of the two investments will have a 3-year return of 23.3%, better than each of the two investments standing alone