



Friday, February 26, 2021

Week in Review, February 26, 2021

Special Focus: Interest Rates Take Center and RBC Launches New Climate Blueprint

This week the markets faced volatility as investors sold-off equities due to rising expectations of inflation that would lead to the Fed hiking rates ([CNBC](#)). The weakness persisted despite Federal Reserve data of the personal consumption expenditures price index which showed that inflation concerns decreased in January ([CNBC](#)). On Tuesday, Federal Reserve Chairman Jerome Powell subdued investor panic in his testimony to the Senate Banking Committee by assuring that the Fed will not remove their support from the economy anytime soon ([NY Times](#)). Despite this testimony, investors remain cautious because of the possibility of a sharp increase in inflation which would cause the Fed to cut back policies that have supercharged the market's rise of more than 70% since March ([NY Times](#)). The 10-year U.S. Treasury yield is trading 0.50% higher than the start of the year, a slightly concerning metric for mortgage rates and auto loans ([CNBC](#)). The bond market is ultimately reacting well to the coalescence of the vaccine rollouts and increasing GDP forecasts which is a good sign for corporate profits ([CNBC](#)). However, investors are hedging their portfolios accordingly because an uptake in interest rates means borrowing will become more expensive for companies that rely on easy borrowing for high growth. The Biden Administration is pushing for a large stimulus package which could increase economic growth projections if passed ([NY Times](#)). For the week, markets ended with the S&P 500 down -2.2%, the DJIA down -0.3%, and the NASDAQ down -5.4%.

In other news, Treasury Secretary Janet Yellen spoke about further exploring an end to a previous tax rule that allows assets to be passed on after death at their "stepped up" value without paying taxes on gains that are accrued over time ([NY Times](#)).

A large oil company has already upped its climate plans only three months into an activist investor's campaign to force change inside the company. Now the group, Engine No. 1, is pushing the oil giant to set a new goal: net-zero greenhouse gas emissions by 2050 (Bloomberg). The group is backed by the California State Teachers' Retirement System, the second-largest pension fund in the U.S. and the owner of more than \$400 million in the company's shares. Read more about it [here](#). In the midst of shareholder action targeted at the oil industry, Scott Wiener introduced a bill to ban California Fracking by 2027 ([SF Chronicle](#)).

This week, RBC announced our first quarter results which reflected our firm's commitment to our clients and the communities we serve. David McKay, our President and CEO commented: "I believe your dedication to putting our Purpose into action is one of the reasons the RBC Employee Giving Campaign raised over \$23 million dollars for thousands of charities. And it's also why earlier this month RBC was ranked 6th among global banks on the [Fortune World's Most Admired Companies](#) list – the only Canadian

financial institution to make the list.” RBC also launched its revised [Climate Blueprint](#) that commits to:

- Expanding targets to \$500 billion from \$100 billion (which it surpassed in 2020) for sustainable financing.
- Net-zero emissions in our lending by 2050.
- Measuring and reporting financed emissions for key sectors starting in our 2022 Task Force on Climate-related Financial Disclosures (TCFD) Report.
- Setting interim targets to reduce financed emissions and building out climate-related stress testing programs at future dates.
- Partnering with the Partnership Carbon Accounting financials (PCAF) and RMI’s Center for Climate-Aligned Finance.
- Net-zero emissions in our global operations annually; reducing greenhouse gas (GHG) emissions by 70% and sourcing 100% of our electricity from renewable and non-emitting sources both by 2025.

We were saddened to hear that Lawrence Ferlinghetti, poet, publisher, painter and pivotal figure to the Beats and about every other counterculture literary movement in San Francisco, has died at 101. You can read more about his legacy [here](#).

As always, please reach out to us with any market questions or commentary.

Weekend Reads

RBC [Global Insight Monthly February 2021](#)

RBC [Global Insight Weekly February 25, 2021](#)

RBC [Climate Blueprint](#)

Carbon Tracker [New Analysis: Beyond Petrostates](#).

WSJ [California’s Plan to Save Its 1,000-Year-Old Redwoods from Wildfires](#)

WSJ [Texas Electric Bills Were \\$28 Billion Higher Under Deregulation](#)

NY Times [Reading Between the Lines: A Conversation with Janet Yellen](#)

NY Times [Can You Believe This Is Happening in America?](#)

NY Times [MyPillow CEO Mike Lindell Sued by Dominion Over Election Fraud Claims](#)

NY Times [House Democrats Press Cable providers on Election Fraud Claims](#)

The Globe and Mail [Trudeau, Biden pledge to create continental alliance to tackle climate change](#)

Recommended Events

Confluence Philanthropy [RESET 2021 - Advisors Forum & Climate Solutions Summit](#)
Virtual | March 2-4

Catalyst [2021 Catalyst Award Program and Celebration](#)
Virtual | March 17-18

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