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Surge in holdings suggests caution over how to play next stage of US economic recovery

Naomi Rovnick YESTERDAY

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Investors have topped up their cash holdings at the fastest rate since March 2020 as debate intensifies over whether stock markets will continue rallying now the US economic recovery from the pandemic is firmly under way.

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Increases in overall cash holdings by investors tend to reflect rising caution, as well as expectations of lower returns from stock and bond markets.

...

The S&P 500 has gained 88 per cent since its March 2020 low and rallied beyond 4,200 points to a new closing high on Thursday after the US recorded an annualised pace of economic growth of 6.4 per cent in the first quarter.

...

But investors were now “positioning for inflation and tapering”, said BofA’s Jones, as the Biden administration’s \$1.9tn stimulus jolts consumer prices higher. The Federal Reserve has also come