

AUGUST 2021 MARKET COMMENTARY

Major markets experienced some additional volatility in July yet pushed higher for the month. The broad Standard and Poor's 500 Index stands up 17% for this year. More value oriented cyclical stocks (financials, energy, real estate and telecoms), which are historically more interest rate sensitive, are leading the way. Rates continue to sit at historic lows making the search for yield difficult for fixed income investors. The broad Barclay's Aggregate Bond Index sits down 0.5% for this year.



We continue to monitor economic data. While data is mixed, as are the markets' reactions to economic data, the economy is continuing to expand, and the recovery continues. While the Fed continues to currently believe inflation will be transitory, we are monitoring the situation closely. Though data is mixed, the economy remains in recovery and while liquidity remains ample the Federal Reserve bank continues to hold their easy monetary policies creating a tailwind behind equity markets.

While we fully anticipate continued volatility into the Fall as: markets digest new data, new information becomes available about the delta and delta plus variants of COVID-19, and more information becomes available about a booster to COVID vaccines, we remind clients that market timing involves being right not once, but twice, and often proves to be a fool's errand. As financial planners, we create financial plans and strategies for clients for the long term. With that said, while there is the chance for a choppy market through the remainder of the year, the economy is strengthening—there is record liquidity in the system, strong GDP growth, and strong personal income and consumption. There's also considerable pent-up demand in certain areas of the market, and manufacturing is strong. For clients who are saving, or have some cash on the side lines, we will continue to dollar cost average into the markets and try to take advantage of any short-term weakness should opportunities present themselves.

We hope that you all enjoy the remainder of the Summer!

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Data sources: Economic: Based on data from U.S. Bureau of Labor Statistics (unemployment, inflation); U.S. Department of Commerce (GDP, corporate profits, retail sales, housing); S&P/Case-Shiller 20-City Composite Index (home prices); Institute for Supply Management (manufacturing/services). Performance: Based on FactSet data. News items are based on reports from multiple commonly available international news sources (i.e. wire services) and are independently verified when necessary with secondary sources such as government agencies, corporate press releases, or trade organizations.