

06/16/21

Good Afternoon,

Stocks and bond have traded in a tight range for the past week as investors awaited the conclusion of the Fed meeting today. As expected, the Fed has left rates unchanged and remain steadfast in their view that the recent spike in inflation is related to the reopening of the economy with prices rising after dropping a year ago. On a one-year basis, inflation is indeed high. On a two-year basis, which captures the downturn and the upturn, inflation is still in the normal range over the past decade. The one-year numbers are simply misleading. Stocks fell sharply on the 2 pm announcement but are rallying back prior to the close at 4 pm.

A couple months ago, I wrote about the possibility that a good portion of the proposed pandemic stimulus would end up in foreign hands. So, what happened? With the stimulus in pocket, Americans imported \$278 billion of foreign goods and services in March 2021 and followed up with \$274 billion of imports in April 2021, the 2 highest import months in US history (source: Bureau of Econ. Analysis). While the US had decent exports in these two months, clearly our largest export was pandemic stimulus money.

Still holding out for your COVID vaccination? Perhaps a trip to Seattle is in your future. Between 6/07/21 and 7/12/21, adults at least age 21 in the state of Washington will receive 1 marijuana joint if they receive a COVID-19 vaccination shot (source: Washington Liquor and Cannabis Board). This “Joints for Jobs” effort is sure to create a high turnout. Certain to generate a real buzz. Not a wasted effort or pipe dream. And you could catch a red-eye flight home!

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http://www.commonwealth.com/RepSiteContent/weekly_comm/commentary_redirect.htm

As always, if you would like to discuss this or anything regarding current market conditions or your portfolio, feel free to contact me at any time.

Have a great week!

Wade

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