

JULY 2021 MARKET COMMENTARY

Major markets experienced some volatility in June, yet pushed higher for the month. The broad Standard and Poor's 500 Index stands up 14.4% for this year. Last year's technology leaders continue to advance, yet trail the broad market this year making way for more value oriented cyclical stocks (financials, energy, and telecom are leading the way).

We continue to monitor economic data. While data is a "mixed bag" (we would like to see stronger jobs and better inflation numbers) the economy is continuing to expand, and the recovery continues. While the Fed continues to currently believes inflation will be transitory, we are monitoring the situation closely. With consumers absorbing increased prices we are hopeful that as the supply chain comes back to capacity prices will adjust. There remain reasons to be optimistic about markets as companies report strong earnings (95% of Standard and Poor's 500 companies have reported with 86% reporting positive surprises), liquidity remains ample, and the Federal Reserve bank continues to hold their easy monetary policies keeping a tailwind behind equity markets.

While the second half of the year may bring an uptick in volatility as markets digest new data, 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.



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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.