



Market Commentary May 17, 2021

Dear Investors:

Uncle Inflation is here. Will he overstay his welcome?

Ever since the financial crisis, central banks have pursued expansionary monetary policies to encourage reflation and avoid deflation. Well, it's taken some time, but inflation is finally here.

Last week, major stock indices in the United States moved lower after inflation, as measured by the Consumer Price Index (CPI), was four times higher than anticipated, reported Ben Levisohn of *Barron's*.

Higher inflation is the result of a supply and demand imbalance. As the pandemic has calmed in the United States, consumers have emerged eager to spend money – so eager that consumer spending is about 5.5 standard deviations above average. That's a lot.

The problem is finding stuff to buy. *The Economist* explained, "...red-hot demand is increasingly met slowly or not at all... Nowhere are shortages more acute than in America, where a boom is under way. Consumer spending is growing by over 10 percent at an annual rate, as people put to work the \$2trn-plus of extra savings accumulated in the past year."

Shortages are the result of two kinks in the supply hose.

The first is the supply chain. There is a shortage "of everything from timber to semiconductors," which are essential to building other products. In addition, shipping containers have become a scarce resource, causing the cost of shipping goods from China to the United States to triple, reported *The Economist*.

The second is labor. This week's higher-than-expected inflation data mirrored last week's lower-than-expected employment data. No one is certain why the employment numbers were lackluster, although theories abound. Regardless, there are limits on what companies can produce when they have too few employees.

The question is whether supply chains can be straightened so demand for goods and services can be met. If so, higher inflation may prove transitory as the Federal Reserve and some economists anticipate. If not, inflation may stick around. Time will tell.

4100 Embassy Parkway, Suite 100, Akron, Ohio 44333-1783

330-434-2000 / Fax: 330-665-1515

www.symphony-financial.com

Securities offered through LPL Financial, Member FINRA/SIPC. Investment advice offered through Symphony Financial Services, Inc., a registered investment advisor and separate entity from LPL Financial.

(The one-year numbers in the scorecard below remain noteworthy. They reflect the strong recovery of U.S. stocks from last year's coronavirus downturn to the present day.)

Data as of 5/14/21	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	-1.4%	11.1%	46.3%	15.2%	15.1%	12.1%
Dow Jones Global ex-U.S.	-1.9	5.7	46.2	4.3	8.2	3.0
10-year Treasury Note (Yield Only)	1.6	NA	0.6	3.0	1.8	3.2
Gold (per ounce)	0.1	-2.6	6.2	11.7	7.4	2.1
Bloomberg Commodity Index	-1.9	17.9	50.1	0.6	1.6	-5.4

S&P 500, Dow Jones Global ex-US, Gold, Bloomberg Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods.

Sources: Yahoo! Finance; MarketWatch; djindexes.com; Federal Reserve Bank of St. Louis; London Bullion Market Association.

Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

CONFIDENCE IS RETURNING. The big news last week was the announcement from the Centers for Disease Control (CDC) that fully vaccinated Americans can resume normal activities without wearing masks or social distancing, except where required by law. Suffice it to say, people are ready to return to normal.

Results from the latest Axios-Ipsos Coronavirus survey, conducted in early May, found Americans were feeling more optimistic. Among those surveyed:

- 59 percent had visited friends or relatives during the previous week.
- 54 percent had gone out to eat during the previous week.
- 31 percent had made plans for the summer.
- 18 percent had a stronger sense of emotional well-being, a six-point jump from the prior survey.
- 60 percent indicated trips to salons, barber shops, and spas were low- or no-risk activities, up six points from the last survey.

If your exuberance about resuming “normal” life has been tempered by a reluctance to change the routines you’ve adopted during the pandemic, you’re not alone. Medical experts at *Northwestern University* explained:

“The emotional impact of this past year may linger with us for longer than we might expect. The key is not to feel forced to snap back into a routine overnight. Give yourself time and understand that your emotional journey back to freely socializing in vaccinated cohorts may look very different from those around you.”

As some people say, “You do you.”

Weekly Focus – Think About It

“We must have ideals and try to live up to them, even if we never quite succeed. Life would be a sorry business without them. With them it's grand and great.”

--Lucy Maude Montgomery, Author

4100 Embassy Parkway, Suite 100, Akron, Ohio 44333-1783

330-434-2000 / Fax: 330-665-1515

www.symphony-financial.com

Securities offered through LPL Financial, Member FINRA/SIPC. Investment advice offered through Symphony Financial Services, Inc., a registered investment advisor and separate entity from LPL Financial.

Best regards,



John Y. Kim, J.D., LL.M.
President

P.S. Please feel free to forward this commentary to family, friends, or colleagues. If you would like us to add them to the list, please reply to this email with their email address and we will ask for their permission to be added.

Securities offered through LPL Financial, Member FINRA/SIPC.

* Government bonds and Treasury Bills are guaranteed by the U.S. government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value. However, the value of fund shares is not guaranteed and will fluctuate.

* Corporate bonds are considered higher risk than government bonds but normally offer a higher yield and are subject to market, interest rate and credit risk as well as additional risks based on the quality of issuer coupon rate, price, yield, maturity, and redemption features.

* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. You cannot invest directly in this index.

* All indexes referenced are unmanaged. The volatility of indexes could be materially different from that of a client's portfolio. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. You cannot invest directly in an index.

* The Dow Jones Global ex-U.S. Index covers approximately 95% of the market capitalization of the 45 developed and emerging countries included in the Index.

* The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.

* Gold represents the 3:00 p.m. (London time) gold price as reported by the London Bullion Market Association and is expressed in U.S. Dollars per fine troy ounce. The source for gold data is Federal Reserve Bank of St. Louis (FRED), <https://fred.stlouisfed.org/series/GOLDFMGBD228NLBM>.

* The Bloomberg Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.

* The DJ Equity All REIT Total Return Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.

* The Dow Jones Industrial Average (DJIA), commonly known as "The Dow," is an index representing 30 stock of companies maintained and reviewed by the editors of The Wall Street Journal.

* The NASDAQ Composite is an unmanaged index of securities traded on the NASDAQ system.

* International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets.

* Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.

* These views are those of Carson Coaching, not the presenting Representative, the Representative's Broker/Dealer, or Registered Investment Advisor, and should not be construed as investment advice.

* This newsletter was prepared by Carson Coaching. Carson Coaching is not affiliated with the named firm or broker/dealer.

* The risk of loss in trading commodities and futures can be substantial. You should therefore carefully consider whether such trading is suitable for you in light of your financial condition. The high degree of leverage is often obtainable in commodity trading and can work against you as well as for you. The use of leverage can lead to large losses as well as gains.

* Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance.

* Economic forecasts set forth may not develop as predicted and there can be no guarantee that strategies promoted will be successful.

* Past performance does not guarantee future results. Investing involves risk, including loss of principal.

* The foregoing information has been obtained from sources considered to be reliable, but we do not guarantee it is accurate or complete.

* There is no guarantee a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio.

Diversification does not protect against market risk.

* Asset allocation does not ensure a profit or protect against a loss.

4100 Embassy Parkway, Suite 100, Akron, Ohio 44333-1783

330-434-2000 / Fax: 330-665-1515

www.symphony-financial.com

Securities offered through LPL Financial, Member FINRA/SIPC. Investment advice offered through Symphony Financial Services, Inc., a registered investment advisor and separate entity from LPL Financial.

* Consult your financial professional before making any investment decision.

Sources:

<https://www.economist.com/finance-and-economics/2015/02/19/the-high-cost-of-falling-prices> (or go to https://resources.carsongroup.com/hubfs/WMC-Source/2021/05-17-21_TheEconomist-The_High_Cost_of_Falling_Prices-Footnote_1.pdf)

<https://www.barrons.com/articles/stock-market-volatility-isnt-the-big-problem-economic-volatility-is-51621039530?refsec=the-trader> (or go to https://resources.carsongroup.com/hubfs/WMC-Source/2021/05-17-21_Barrons-Its_Not_Market_Volatility_You_Need_to_Worry_About-Its_Economic-Footnote_2.pdf)

<https://www.economist.com/leaders/2021/05/15/the-coming-global-economic-boom-could-have-a-sting-in-the-tail> (or go to https://resources.carsongroup.com/hubfs/WMC-Source/2021/05-17-21_TheEconomist-The_Coming_Global_Economic_Boom_Could_Have_a_Sting_in_the_Tail-Footnote_3.pdf)

<https://www.freightwaves.com/news/no-relief-global-container-shortage-likely-to-last-until-2022>

<https://www.federalreserve.gov/newsevents/speech/brainard20210511a.htm>

<https://www.cdc.gov/coronavirus/2019-ncov/vaccines/fully-vaccinated.html>

<https://www.ipsos.com/en-us/news-polls/axios-ipsos-coronavirus-index>

<https://news.northwestern.edu/stories/2021/03/perspective-covid-19-habits/>

<https://www.bustle.com/articles/147987-20-empowering-quotes-by-female-authors-that-are-perfect-to-decorate-your-office-with>

4100 Embassy Parkway, Suite 100, Akron, Ohio 44333-1783
330-434-2000 / Fax: 330-665-1515
www.symphony-financial.com

Securities offered through LPL Financial, Member FINRA/SIPC. Investment advice offered through Symphony Financial Services, Inc., a registered investment advisor and separate entity from LPL Financial.