



Market Commentary December 6, 2021

Dear Investors:

Investors look to the future.

Last week, employment and manufacturing data confirmed that the United States economy continued to strengthen in November, but positive economic news was overshadowed by investors' concerns about the spread of coronavirus and Federal Reserve policy.

Let's start with the economic news.

More Americans were working. The Bureau of Labor Statistics (BLS) reported that unemployment dropped to 4.2 percent in November – a level the country wasn't expected to achieve before 2024, according to Eli Rosenberg of *The Washington Post*. The labor force participation rate improved, too, meaning that more people are returning to work.

Fewer new jobs were created than analysts expected, but that wasn't surprising given the BLS' track record during the pandemic. From June through September, it underestimated employment gains by 626,000, according to Andrew Van Dam of *The Washington Post*. In the latest report, the BLS revised October's numbers to be higher by 15,000.

Manufacturing strengthened. The manufacturing industry made gains in November, too. The Institute for Supply Management Purchasing Managers' Index (PMI) came in at 61.1 for November. The reading for new orders, which measure future demand, was 61.5. "A [PMI] level of 50 indicates that the manufacturing economy is growing. Above 60 is a very strong level," reported Allen Root of *Barron's*.

Positive economic data didn't inspire investors last week, though. That may be because economic data reflects what has happened in the past. Investors are more concerned about what may happen in the future and how markets may be affected. As a result, investors focused on:

The Omicron variant spread. Last week, a new variant of the coronavirus spread in the U.S. states. Initial indications suggest Omicron may be milder than previous variants, reported Deena Beasley of *Reuters*. However, that did not quell investors' concerns. Josh Nathan-Kazis of *Barron's* reported:

"Fearing new lockdowns that had been ruled out as recently as a week ago, investors are at times panic-trading based on anecdotes and passing comments by CEOs. The S&P 500 index moved more

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than 1% nearly every day this week, gyrating up and down on new guesses about what Omicron will mean for the world.”

Federal Reserve policy changes. Investors pondered Fed Chair Jerome Powell’s testimony before the Senate Banking Committee. Powell “...reiterated that he and fellow policymakers will consider at their upcoming meeting a faster wind-down to the Fed's bond-buying program, a move widely seen as opening the door to earlier interest rates hikes,” reported Jonnelle Marte and Lindsay Dunsmuir of *Reuters*. Historically, rising interest rates have slowed economic growth.

Major U.S. stock indices finished the week lower, according to Ben Levisohn of *Barron’s*. U.S. Treasury yields moved lower.

Data as of 12/3/21	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 Index	-1.2%	20.8%	23.8%	17.6%	15.5%	13.7%
Dow Jones Global ex-U.S. Index	-0.4	2.8	6.0	7.6	7.2	4.4
10-year Treasury Note (yield only)	1.3	N/A	0.9	3.0	2.4	2.1
Gold (per ounce)	-1.9	-6.4	-3.5	12.8	8.8	0.1
Bloomberg Commodity Index	-4.3	22.7	29.3	4.9	1.6	-4.2

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; U.S. Treasury; 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.

PANDEMIC CRAVINGS...The pandemic changed the way we eat – and the way we get our food. The food delivery industry in the U.S. doubled during the pandemic, reported Kabir Ahuja, Vishwa Chandra, Victoria Lord, and Curtis Peens of McKinsey & Company.

One food delivery service recently published the 2021 Cravings Report. It’s chock-full of interesting tidbits about what we like to eat and how we treat the people who deliver our food. Learn more by taking this brief quiz.

1. What was the top-selling delivered grocery item in 2021?
 - a. Ground beef
 - b. Bananas
 - c. Cream cheese
 - d. Potatoes

2. Which of these states has some of the politest customers in the country?
 - a. Montana
 - b. Mississippi
 - c. New York
 - d. Missouri

3. Which of these states is not known for its picky eaters?
 - a. Georgia
 - b. Illinois
 - c. Connecticut
 - d. South Dakota

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4. What was the most popular cuisine ordered for delivery in 2021?
 - a. Thai
 - b. Italian
 - c. Mexican
 - d. Sushi

5. Which of these was the most popular item ordered for delivery?
 - a. California roll
 - b. Pizza
 - c. French fries
 - d. Pad Thai

Weekly Focus – Think About It

“You better cut the pizza in four pieces because I'm not hungry enough to eat six.”

—Yogi Berra, baseball player, manager, and coach

Answers: 1) b; 2) a; 3) d; 4) c; 5) c

Best regards,



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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.

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* 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/GOLDPMGBD228NLBM>.

* 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.

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- * 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.
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