



## **Market Commentary**

### **November 1, 2021**

#### **Dear Investors:**

The road to recovery is slow and bumpy.

Last week, we learned that economic growth slowed in the third quarter as a new wave of COVID-19 surged across the United States, reported The Bureau of Economic Analysis. Gross Domestic Product (GDP), which is the value of all goods and services produced in the United States, increased by 2 percent annualized in the third quarter.

Consumer spending dropped sharply during the period. The change may reflect the limited availability of goods due to supply-chain issues, a reluctance to pay higher prices, or a drop in disposable personal income. Jeff Cox of CNBC reported:

“Spending for goods tumbled 9.2%, spurred by a 26.2% plunge in expenditures on longer-lasting goods like appliances and autos, while services spending increased 7.9%, a reduction from the 11.5% pace in [the second quarter]. The downshift came amid a 0.7% decline in disposable personal income, which fell 25.7% in [the second quarter] amid the end of government stimulus payments. The personal saving rate declined to 8.9% from 10.5%.”

Despite slower economic growth and lower consumer spending, many companies remained highly profitable during the third quarter. At the end of last week, John Butters of FactSet reported:

“At this point in time, more S&P 500 companies are beating EPS [earnings-per-share, which is a measure company profits] estimates for the third quarter than average, and beating EPS estimates by a wider margin than average...The index is now reporting the third highest (year-over-year) growth in earnings since [second quarter] 2010. Analysts also expect earnings growth of more than 20% for the fourth quarter and earnings growth of more than 40% for the full year.”

It appears that public companies remain adaptable and resilient despite the ongoing challenges created by the pandemic.

Last week, the three major U.S. stock indices finished the week at record highs, according to Ben Levisohn of *Barron's*. The Treasury yield curve flattened as yields on longer-term U.S. Treasuries also moved lower.

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<b>Data as of 10/29/21</b>	<b>1-Week</b>	<b>Y-T-D</b>	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
Standard & Poor's 500 Index	1.3%	22.6%	39.1%	20.4%	16.7%	13.9%
Dow Jones Global ex-U.S. Index	-0.8	6.8	26.4	10.6	7.5	4.5
10-year Treasury Note (yield only)	1.6	N/A	0.8	3.1	1.8	2.2
Gold (per ounce)	-2.2	-6.3	-5.4	12.9	6.8	0.3
Bloomberg Commodity Index	-0.4	32.4	44.3	7.0	4.0	-3.6

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.

### **ARE YOU READY FOR THE NOVEMBER HOLIDAYS?**

November is chock full of holidays. Thanksgiving, Veteran's Day, Dia De Los Muertos, Diwali, Hanukkah, and Giving Tuesday are widely celebrated, and there are a significant number of less widely celebrated holidays on the calendar, too. These include:

- **World Vegan Day:** Celebrating the vegan lifestyle (November 1).
- **National Sandwich Day:** Celebrating all sandwiches, from peanut butter and jelly to BLTs (November 3).
- **National Stress Awareness Day:** It's a day to begin to identify, manage, and lower stress in your personal and professional lives (November 3).
- **World Tsunami Awareness Day:** Within a decade, almost half of the world's population will live in coastal areas that are vulnerable to tsunamis. The United Nations reports that having plans and policies in place can help manage the effects (November 5).
- **National Redhead Day:** Celebrate all of the red-headed people in your life (November 5).
- **World Freedom Day:** Commemorating the fall of the Berlin Wall, as well as the end of communist rule in Central and Eastern Europe (November 9).
- **Marine Corps Birthday:** Celebrating the men and women who serve in the U.S. Marines (November 10).
- **World Kindness Day:** Promoting the idea that kindness and compassion has the power to build and unite us (November 13).
- **National Absurdity Day:** Celebrate the ridiculous, unreasonable, and crazy in everyday life and throughout history (November 20).

Here are two tree things you can talk about on National Absurdity Day: (1) Tulips were once more valuable than gold; and (2) There are almost 100 holidays in November.

### **Weekly Focus – Think About It**

“The fact that an opinion has been widely held is no evidence whatever that it is not utterly absurd.”

—Bertrand Russell, mathematician

Best regards,



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President

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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.

\* 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.

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

\* 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.

\* Consult your financial professional before making any investment decision.

#### Sources:

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