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| **RESOURCE LOG – JUNE 2021** | | | | |
| **Article Title** | **Detail** | **Publication** | **Date** | **Author** |
| Inflation | The ingredients for inflation are present:  Lots of fiscal and monetary stimulus  Lots of pent-up demand from consumers  Rising commodity prices and bond yields  A housing boom…  Frothy financial markets  Fed Chair Jerome Powell is betting that inflation won’t get out of hand, and that revving up the economy is more important right now, anyway. He and his colleagues *want* some inflation…not too much, but something a bit above the Fed’s traditional ceiling of about 2%. If prices do start to jump, Powell figures the Fed can lift interest rates to corral inflation sometime later.  There are some reasons to think the central bank is right. The labor market is s till weak… So, wages aren’t likely to start soaring and set off a bout of general inflation. And while consumers have a lot of extra cash from the stimulus checks, much is being saved or used to pay down debt, not spent.  Still, we expect higher inflation ahead. Not ruinously high, but bad enough that consumers will notice. At times this year, the headline rate will likely top 3%...  There are other risks, too. Bond yields could rise too much, too fast if investors get nervous about rising inflation. That in turn could hammer stocks and slow economic activity. | The Kipling Letter | Special Edition |  |
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| Investors Put Their Money On Recovery  *Funds that actively pick stocks surge with wagers placed that businesses will rev up* | Goldman Sachs analysts say 56% of stock-picking large-cap mutual funds are beating their benchmarks, the highest percentage in more than a decade.  Some of the best performers include companies with smaller market capitalizations and value stocks – those deemed inexpensive relative to measures of a company’s net worth. | The Wall Street Journal | 06/01/2021 | Michael Wursthorn |
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| How To Know When Inflation Is For Real | Inflation is here already, and in the long run there is a lot of upward pressure on prices. But between now and then lies a big question for investors and the economy: Is the Federal Reserve right to think that the price rises we are seeing now are temporary and will abate by next year?  Some at the Fed are already having vague doubts, starting to talk about when to discuss removing some of their extraordinary stimulus even as they continue to push the idea that inflation is likely to fall back of its own accord. | The Wall Street Journal | 06/01/2021 | James Mackintosh |
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| What’s News | ♦ Oil prices hit multiyear highs above $70 a barrel after OPEC and its allies forecast higher demand and boosted output, punctuating an economic reawakening that has lifted prices of a broad range of commodities. | The Wall Street Journal | 06/02/2021 |  |
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| Global Growth Threatened By Demand Shortage | Globally, the economic outlook has improved, t hanks to the ramp-up in vaccinations.  Markets fear at least a small chance that the economy could overheat, given that Washington’s fiscal transfers have left the average American household with more disposable income that before.  The U.S. is the only major country in which expectations for 2025 GDP among Wall Street forecasters are currently higher than they were in January 2020.  As developed countries emerge from the pandemic, an encouraging surge in spending is creating some bottlenecks. Looking further out, it is still a shortage of demand, not supply, that poses the greater threat to the world economy. | The Wall Street Journal | 06/02/2021 | Jon Sindreu |
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| Stocks Move higher, Even as Inflation Concerns Persist | Major U.S. stock indexes edged higher as concern about the consequences of a strong economic recovery, marked by inflation, continued to buffet the market.  Stocks remained volatile as they have struggled to gain traction in recent days.  The Dow Jones Industrial Average rose 25.07 points, or 0.1%, to 34600.38. The Nasdaq Composite rose 19.85 points, or 0.1%, to 13756.33.  Concerns that the Fed may pare back on quantitative easing measures due to inflation pressures are likely to continue prompting volatility across the market… | The Wall Street Journal | 06/03/2021 | Will Horner and Michael Wursthorn |
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| What’s News | ♦ Initial jobless claims have dropped by 35% since late April, adding to signs of a healing labor market as the U.S. economy ramps up. | The Wall Street Journal | 06/04/2021 |  |
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| Business Survey Helps Lift Europe, U.S. Bond Yields | U.S. and European government-bond yields ticked higher Thursday after strong business survey readings in Europe, but investors said the recent rise was overdone and fears had subsided that inflation would soon cause central banks to lift interest rates.  German 10-year yields inched up to minus 0.181% Thursday, below the recent two-year high of minus 0.108%, according to Tradeweb. U.S. 10-year Treasury yields were also marginally higher at 1.624% from 1.591% on Wednesday.  Yields have risen sharply and bond prices fallen in recent weeks as investor concern grew that rising inflation would lead central banks to start tightening their monetary policy by reducing their bond purchases. | The Wall Street Journal | 06/04/2021 | Paul J. Davies |
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| Tech Stocks Belt Indexes | Meanwhile, the Federal Reserve announced plans Wednesday to sell the corporate bonds and exchange-traded funds if amassed last year as part of its emergency measures. While the holdings are tiny – less than $15 billion in total – some traders took it as an early warning sign of shifting Fed policy.  “That’s an important shift, on the margins, in Fed body language,” said Peter Cecchini, director of research at hedge fund Axonic Capital. “It says they are more concerned about buoyant asset prices and inflation than they are letting on.”  “There is a continued focus on inflation and central banks and when they taper,” said Caroline Simmons, U.K. chief investment officer at UBS Global Wealth Management.  A separate Federal Reserve report on Wednesday notes a pickup in growth as consumers return to restaurants and stores but also said supply-chain disruptions and acute labor shortages are leading to price increases. | The Wall Street Journal | 06/04/2021 | Anna Hirtenstein and Paul Givna |
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| Treasury Yields Fall After U.S. Jobs Report | U.S. government bond yields and the dollar fell Friday after a tepid jobs report signaled the labor-market recovery may take longer than expected.  The yield on the benchmark 10-year Treasury note finished Friday’s session at 1.559%, according to Tradeweb, down from 1.624% at Thursday’s close. That marked the third straight week of declines.  Minutes from the Fed’s April meeting released earlier in the week showed that board members have discussed reducing the size of their bond-purchasing program. Earlier in the week, the central bank said it would begin selling corporate bonds acquired during last year’s efforts to calm volatile markets.  Others are less convinced the economy is near the point for the Fed to tighten policies.  Friday’s decline stalls recent gains in the dollar, which recently hit its highest level since May 13. | The Wall Street Journal | 06/05-06/2021 | Sebastian Pellejero |
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| Hiring Rises, But It Trails Economy | U.S. employers boosted hiring in May, but not enough for the labor market to keep pace with an overall economy that is heating up as the pandemic continues to ease.  The unemployment rate fell to 5.8% in May from 6.1% the prior month.  That mixed picture cheered investors, who be the numbers weren’t strong enough to change the Federal Reserve’s course on its easy-money policies. U.S. stocks rose, while the yield on the U.S. 10-year Treasury fell. | The Wall Street Journal | 06/05-06/2021 | Amara Omeokwe |
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| What’s News | ♦ An agreement by wealthy countries to impose minimum taxes on multinational companies faces a rocky path to implementation, with many governments likely to wait to see what others, especially a divided U.S. Congress, will do. | The Wall Street Journal | 06/07/2021 |  |
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| Commodity Prices Skyrocket, Adding To Inflation Fears | The across-the-board rise in commodity prices at levels not seen since the start of the financial crisis is casting a cloud over the global economic recovery, slamming vulnerable businesses and households and adding to fears that inflation could become more persistent.  Lumber, iron ore and copper have hit records. | The Wall Street Journal | 06/08/2021 | Tom Fairless, Alistair MacDonald and Jesse Newman |
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| Traders Bet on Return of $100 Oil | Traders have alighted on what some believe to be a one-way bet in the world’s most important commodity market: oil prices going to $100 a barrel.  Oil prices haven’t topped that milestone since 2014…  The roaring rally, goosed by thawing coronavirus restrictions, has lifted WTI prices to their highest level since 2018 a t almost $70 a barrel and average U.S. gasoline prices above $3 a gallon, according to GasBuddy. | The Wall Street Journal | 06/08/2021 | Joe Wallace |
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| Commodity Crunch Blamed On Stingy Capital Spending | Languishing commodity prices led producers to slash capital spending on major resources by nearly half over the last decade, shrinking stocks of industrial metals to two-decade lows and reducing supplies across commodities. The crunch now is converging with a buying spree in key markets to supercharge prices – and there is no quick fix.  Since 2011, investments to develop the energy and mining sectors have fallen 40%, according to asset manager Schroders…  The surges are spurring inflation concerns. Individual commodities are a small part of the final price tag of consumer goods, and aren’t likely on their own to move the price significantly. After soaring 40% year-over-year, cobalt prices still are just 1% of an electric vehicle’s cost. But the broad rallies stoke producer-price inflation, a harbinger – though inconsistently so – of consumer inflation. | The Wall Street Journal | 06/09/2021 | Chuin-Wei Yap |
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| Inflation Jumps to 13-Year High | The Labor Department said last month’s increase in the consumer-price index was the largest since August 2008, when the reading rose 5.4%.  Stocks edged higher on the inflation and labor-market news. The S&P 500 set a closing record…  Overall prices jumped at a 9.7% annualized rate over the three months ended in May. | The Wall Street Journal | 06/11/2021 | Gwynn Guilford |
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| When Americans Took to The Streets Over Inflation | In the fall of 1966, a wave of protests swept the U.S., capturing the attention of Washington politicians, big business leaders and newsroom headline writers. But these Americans weren’t voicing their anger over the war in Vietnam or racial discriminations. The protests were against rising grocery prices…  Today, after decades of nearly invisible inflation in the U.S., many Americans have little idea what it looks like. Nearly half of the U.S. population was born after 1981, the last year of double-digit consumer prices increases.  The nagging inflation of the late 1960s and 1970s didn’t happen overnight. It took root over years…  Today’s pickup in consumer prices may not lead to a similar long-term inflation problem. But it might take some political courage from the nation’s central bank and other policy makers to make sure it doesn’t. | The Wall Street Journal | 06/12-13/2021 | Jon Hilsenrath |
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| Why I’m not (very) worried about inflation | For a long time, inflation has been the phantom of the American economy: often expected but never seen. But the latest Consumer Price Index, which showed that prices rose by 5% from May of last year to May of this year…  The price jump was the biggest one-month increase since 2008. It appears to support the warning of former Treasury Secretary Larry Summers, who wrote in February that President Joe Biden’s budget binge could “set off inflationary pressures of a kind we have not seen in a generation” Senate Republican Leader Mitch McConnell …  For anyone who lived through the turbulence of the 1970s, when the CPI climbed year after year, peaking at a rate of more than 13%, the specter of inflation is enough to induce night terrors.  Americans saved a lot over the past year, and if they decide to burn through all that cash, they could push prices still higher.  For now, I’m not worried – not very worried, anyway – about inflation.  Why Not? It’s no surprise that prices in May were appreciably higher than a year earlier – when much of the economy was shut down because of the pandemic.  Prices will keep going up as life continues to return to normal…  But this should be a one-time phenomenon. Inflation is not inflation unless it persists over months and years.  One danger is that the recent price increases will fuel inflationary expectations, prompting businesses to raise prices and workers to demand higher wages, setting off a self-perpetuating upward spiral.  Fed Chairman, Jerome Powell and his colleagues have earned the benefit of doubt. They haven’t forgotten the trauma of the 1970s, and they don’t want to go down in history as the people who brought it back. | Chicago Tribune | 06/13/2021 | Steve Chapan |
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| Inflation in check? | Inflation has soared this spring, reaching a 5% year-over-year rate in May, the fastest 12-month pace since 2008. The surge in prices reflects mainly disruptions stemming from the pandemic recession. Yet the sharp rise has sparked concerns that very low interest rates and huge government spending packages could spur longer-term inflation.  Most Federal Reserve officials, including chair Jerome Powell, see higher prices as likely to wane in the coming months. One reason is that so far, according to surveys, Americans don’t expect runaway inflation.  That’s important because the public’s expectations can become self-fulfilling.  A June survey by the University of Michigan found that Americans expect prices to rise 4% over the next year. But the survey also found that consumers expect much lower inflation over the next fire to 10 years – just 2.8%, similar to 2015 levels. That’s a sign that Americans think inflation will remain tame in the long run. | Daily Herald | 06/13/2021 | Source: University of Michigan, consumer sentiment survey |
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| U.S. Workers Quit Jobs at Highest Rate Since 2000 | More U.S. workers are quitting their jobs than at any time in at least two decades, signaling optimism among many professionals while also adding to the struggle companies face trying to keep up with the economic recovery.  The shift by workers into new jobs and careers is prompting employers to raise wages and offer promotions to keep hold of talent. | The Wall Street Journal | 06/14/2021 | Lauren Weber |
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| Oil Hits Pandemic High on Bets Green Shift Will Crimp Supply | Some investors are wagering that Wall Street’s preference for green energy will depress spending on oil extraction, setting the stage for supply shortages and higher fuel prices.  The bets come as money managers line up trillions of dollars for wind, solar and other renewable programs and expenditures on oil projects decline. The drop in fossil-fuel spending is becoming so severe that energy companies could struggle to quench the world’s thirst for oil, some analysts said.  Crude is still expected to remain in high demand over the next decade to make transportation fuels and petrochemicals used for plastics and other household products.  U.S. crude hit $71.48 a barrel Monday, its highest level in more than 2 ½ years… | The Wall Street Journal | 06/15/2021 | Amrith Ramkumar and Joe Wallace |
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| What’s News | ♦ Fed officials signaled they expect to raise interest rates by late 2023, sooner than they anticipated in March, as the economy recovers rapidly from the effects of the pandemic and inflation heads up. | The Wall Street Journal | 06/17/2021 |  |
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| What’s News | ♦ U.S. stocks ended lower in the wake of the Fed’s policy meeting, with the S&P 500, Dow and Nasdaq down 0.5%, 0.8% and 0.2%, respectively. Treasury yields rose. | The Wall Street Journal | 06/17/2021 |  |
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| Gold Sinks, Dollar Rallies on Fed Shift | Gold dropped sharply and the dollar rose Thursday after the Federal Reserve signaled it may raise interest rates sooner than expected.  Gold futures declined 4.6%, the largest drop in over 10 months. That took gold down to $1,773.80 a troy ounce, its lowest since early May.  Fed Chairman Jerome Powell on Wednesday said the higher inflation recorded this year should be temporary, but the risks that it would persist couldn’t be ignored. | The Wall Street Journal | 06/18/2021 | Paul J. Davies and Will Horner |
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| U.S. Stirs Global Inflation Fears  *America’s recovery ripples through prices, currencies, forcing rate hikes in some nations* | The world’s central banks are hanging in how the U.S. Federal Reserve will respond to a rise in inflation, wary of being caught in the crosscurrents of an extraordinary U.S. economic expansion. Global stock market fell Thursday after Fed officials signaled they expect to raise interest rates by late 2023, sooner than they anticipated in March, as the U.S. economy heats up.  The size of the U.S. economy, accounting for almost a quarter of world gross domestic product, and the importance of its financial markets have long exerted an outsize pull on global policy making. But unusually brisk U.S. growth this year is critical to a world economy still recovering from last year’s shocks. Fed officials expect the U.S. economy to grow 7% this year…  A U.S. economic boom supports economies around the world by boosting U.S, imports and remittances. But it also drives up borrowing costs and inflation and strengthens the dollar, which tightens global financial conditions…  The pain is felt unevenly. A stronger dollar hurts emerging-market economies that have borrowed in dollars…  “I think there is a high chance that this temporary shock to prices could become more enduring,” said Luigi Speranza, chief global economist at BNP Paribas. | The Wall Street Journal | 06/18/2021 | Tom Fairless and Paul Hannon |
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| Rate-Hike Worries Send Dow To Worst Week Since October | U.S. stocks retreated Friday to send the Dow Jones Industrial Average to its worst week in nearly eight months, as traders warily eyed the Federal Reserve for hints of where monetary policy is ne added.  …Federal Reserve Bank of St. Louis president James Bullard said on CNBC that he expects the first rate increase even sooner, in late 2022.  The Fed has faced more inflation than it expected, and policy makers need to be nimble, he added.  The Dow industrials fell 1.6% Friday, or 533.37 points, to 33290.08. For the week, the blue-chip index lost 3.45%, its worst since the week ended Oct. 30.  The S&P 500 declined 1.3%, or 55.41 points, to 4166.45 on Friday, losing 1.9% on the week.  Nasdaq Composite lost 0.9%, or 130.97 points, to 14030.38, as large technology stocks also fell. For the week, it was down 0.3%. | The Wall Street Journal | 06/19-20/2021 | Paul Vigna and Caitlin Ostroff |
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| Big Tech Stocks Diverge as Economy Picks Up | Shares of big tech companies are going their own ways in 2021…  The synchronized march in shares of Facebook Inc., Apple Inc., Amazon.com Inc., Netflix Inc. and Google parent Alphabet Inc. that powered the S$P 500’s 16% gain for 2020 has broken down.  With a re-energized economy creating opportunities across industries, money mangers have more options. Many are renewing scrutiny on stocks whose lofty valuations and widespread popularity could limit further upside.  Fed officials last Wednesday indicated they anticipate raising rates by late 2023, sooner than previously expected. When rates rise, commonly used models show the far-off cash flows factored into many technology stocks’ price tags are less valuable.  In recent months, investors haven’t been willing to pay as much for the profit of some of the megacap tech names with the richest valuations.  For much of 2020, a badly constricted economy pushed investors toward stocks – like the FAANG names – whose businesses were less affected and whose growth became even more alluring with the d op in interest rates. The Russell 1000 Growth Index advanced 37% for the year, while the Russell 1000 Value Index eked out a 0.1% gain – the largest annual performance gap between the two styles benchmarks in FactSet data going back to 1979.  Big tech stocks were among the leaders of that rally. | The Wall Street Journal | 06/21/2021 | Karen Langley |
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| Tight Labor Market Returns The Upper Hand to Workers | Ballooning job openings in fields requiring minimal education – including in restaurants, transportation, warehousing and manufacturing – combined with a shrinking labor force are giving low-wage workers perks previously reserved for white-collar employees. That often means bonuses, bigger raises and competing offers.  Average weekly wages in leisure and hospitality, the sector that suffered the steepest job losses in 2020, were up 104% in May from February 2020… | The Wall Street Journal | 06/21/2021 | Eric Morath and Greg Ip |
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| U.S. Struggles in Push Too Mine Rare Earths | The U.S. and its allies are facing a major hurdle as they chase China in procuring critical minerals essential for modern technologies: a lack of companies and projects with an established record. | The Wall Street Journal | 06/21/2021 | Alistair MacDonald |
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| Inflation Wagers Fuel Longer-Dated Treasurys | Investors have rushed into longer-dated Treasurys in a bet that the Federal Reserve will act more quickly against inflation, leading to slower growth and lower interest rates in the longer term.  Yields on shorter-dated bonds have risen and their prices fallen in recent days, reflecting higher rate expectations after the Fed’s policy meeting last week.  The Fed signaled last week that some policy makers expect two interest-rate increases in 2023, and said officials had discussed an eventual tapering of bond-buying programs…  The biggest moves since the Fed’s policy meeting have been in the difference between 2-year yields and 30-year yields. This gap had tightened by as much as 0.25 percentage point early Monday morning, mostly driven by a drop in 30-year yields, according to FactSet.  The gap between the 2-year and 10-year yields has also dropped significantly.  The yield on the benchmark 10-year U.S. Treasury note settled Monday at 1.481%, according to Tradeweb…  Shortages in some labor markets and higher retirements could lead to wage inflation…  Five-year inflation expectations have eased from a peak of about 2.77% in mid-May to about 2.4%, while the 10-year forecast has dropped from 2.57% to about 2.25%, according to Tradeweb. | The Wall Street Journal | 06/22/2021 | Anna Hirtenstein and Paul J. Davies |
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| What’s News | ♦ The price of bitcoin and other cryptocurrencies slid after China’s central bank ordered the country’s largest banks and payment processors to take a more active role in curbing cryptocurrency trading and related activities. | The Wall Street Journal | 06/22/2021 |  |
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| What’s News | ♦ The Fed’s Powell said job growth should pick up in coming months and temporary inflation pressures should ease as the economy continues to recover from the effects of the pandemic. | The Wall Street Journal | 06/22/2021 |  |
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| What’s News | ♦ U.S. stocks rallied, with the Dow, S&P 500 and Nasdaq advancing 1.8%, 1.4% and 0.8%, respectively. | The Wall Street Journal | 06/22/2021 |  |
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| Confused by the Fed? So Are the Markets | Instead of a calm response to the Federal Reserve’s slightly more hawkish tone, the 10-year yield first leapt by the most in months, then plunged. On Monday, it dropped during Asian trading hours to the lowest since February, before bouncing all the way back and then some.  The moves reveal deep confusion among investors about the Fed’s intentions and the strength of the post-pandemic recovery, as well as the extraordinary desperation for safe yields.  But I urge caution: Don’t assume the Treasury market is right about inflation, let alone that the wildly swinging yield is anything more than a best guess at what the Fed plans. | The Wall Street Journal | 06/23/2021 | James Mackintosh |
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| Fed Talks Tapering, but No Tantrum Yet | When Federal Reserve officials started talking about pulling back on the central bank’s easy-money policies back in 2013, anxious investors sent markets into a tizzy. Yields on Treasury bonds rose, emerging-markets stocks tumbled, junk-bond prices fell and stock volatility jumped, all in what came to be known as a market “taper tantrum” that preoccupied the Fed for months and played a role in delaying its plans.  The opposite is happening now. The Fed signaled it has begun discussions of reducing bond-purchase programs launched during the Covid-19 pandemic…  While inflation has risen more than Fed officials expected, they largely believe consumer prices are being driven higher by temporary factors…  “There’s a belief at least in the market that the Fed feels it learned its lesson,” said Jim Vogel, interest-rate strategist at FHN Financial. | The Wall Street Journal | 06/23/2021 | Jon Hilsenrath and Sam Goldfarb |
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| Powell Plays Down Inflation Threat | Federal Reserve Chairman Jerome Powell said it is highly unlikely that inflation will rise to levels seen in the 1970s but acknowledged significant uncertainty as the economy reopens.  Mr. Powell reiterated that the central bank will tighten policy if necessary to keep inflation under control. | The Wall Street Journal | 06/23/2021 | Paul Kiernan |
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| Home Prices Soar to Record Heights | U.S. home prices in May posted their biggest annual increase in more than two decades, as a shortage of properties and low borrowing rates fueled demand.  The median existing-home sales price in May topped $350,000 for the first time, the National Association of Realtors said Tuesday. The figure was nearly 24% higher than a year ago, the biggest year-over-year price increase the NAR has recorded in data going back to 1999. | The Wall Street Journal | 06/23/2021 | Nicole Friedman |
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| What’s News | ♦ OPEC and its allies are considering boosting the group’s collective output by some 500,000 barrels a day when they meet next week. | The Wall Street Journal | 06/24/2021 |  |
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| Nasdaq Maintains Record-Setting Pace | The Nasdaq composite set a second consecutive record, while broader stock indexes slipped in quiet trading.  For much of this year, stocks have surged from their pandemic-induced lows, buoyed by a strengthening economy, supportive monetary policy and plentiful government spending. The S&P 500 has gained 90% since its closing low in March 2020.  Stocks sold off last week after Fed officials signaled they expect to raise interest rates by late 2023, sooner than they had previously anticipated…  In bond markets, the yield on the 10-year U.S. Treasury note rose to 1.486% from 1.471% Tuesday. Yields rise as bond prices fall. | The Wall Street Journal | 06/24/2021 | Karen Langley and Joe Wallace |
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| Biden, Senators Reach Deal on Infrastructure  *President strikes bipartisan agreement for about $1 trillion but difficult talks remain* | “What we agreed on today is what we could agree on. The physical infrastructure. There’s no agreement on the rest,” said Mr. Biden, who said he wouldn’t sign the bipartisan deal into law until a bill containing the rest of his agenda also is on his desk. “If this is the only one that comes to me, I’m not signing it.” | The Wall Street Journal | 06/25/2021 | Andrew Duehren, Kristina Peterson and Sabrina Siddiqui |
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| Markets Bounce Back In Broad Rally | U.S. stocks rallied to their best week since February, lifted by robust gains among shares of everything from banks to oil producers and manufacturers.  Stocks jumped Monday, sending the Dow Jones Industrial Average to its biggest one-day climb since March.  The moves mark a sharp reversal from just a week ago when the Dow suffered its worst stretch since October…  Driving the bounce back, investors say, was data signaling a fresh acceleration in the world economy, as well as optimism over the prospect of additional fiscal stimulus.  The S&P 500 climbed 14.21 points, or 0.3%, to 4280.70 Friday and rose 2.7% for the week, marking its biggest weekly gain since February. The Dow added 237.02 points, or 0.7%, to 34433.84 and added 3.4% for the week, while the Nasdaq Composite fell 9.32 points, or 0.1%, to 14360.39 and added 2.4% for the week.  Still, Investors say the back-and-forth in markets over the past two weeks suggests there is still lingering uncertainty over the path of interest rates, inflation and monetary policy.  Energy shares were among the biggest gainers…  Bank stocks also powered higher as Treasury yields climbed.  Some analysts remain concerned that accelerating inflation will prompt the Federal Reserve to withdraw some of the stimulus it has lavished on markets since the spring of 2020. | The Wall Street Journal | 06/26-27/2021 | Akane Otani and Joe Wallace |
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| Consumer Spending Primed to Lift Growth | Households increased spending in May on services that they shunned earlier in the pandemic, helping position the economic recovery for a strong summer as more businesses fully reopen and consumers unleash pent-up demand. | The Wall Street Journal | 06/26-27/2021 | Sarah Chaney Cambon |
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| On Inflation, This Time Is Different | In its report on May personal income and spending Friday, the U.S. Commerce Department said its measure of consumer prices rose 0.4% last month from April, petting them 3.9% above their year-earlier level. Prices excluding food and energy items – the so-called core that economists watch most closely – were up 0.5% versus April and 3.4% versus a year earlier.  The Commerce Department’s inflation figures are the ones the Federal Reserve prefers, but even thought the on-year rises in overall and core prices are now well north of the Fed’s 2% inflation target, the central bank doesn’t seem particularly worried.  One reason is that, since prices slipped when the Covid crisis struck in spring 2020, the year-over-year comparisons are a bit magnified. | The Wall Street Journal | 06/26-27/2021 | Justin Lahart |
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| An Anxious 100th Birthday For China’s Communist Party  *The CCP has survived because of its adaptability, but a generational shift from traditional values to more liberal attitudes could undermine its popular support.* | There is an obvious tension between its self-interest as a ruling party and its stated long-term goals for China. By 2049, the 100th anniversary of the founding of the People’s Republic, the OCP has declared that it intends to make China a “strong; democratic, civilized, harmonious and modern socialist country.” The great dilemma for the party is that the citizens of such a highly developed country are unlikely to accept the infantilizing control that its increasingly authoritarian regime imposes on them. | The Wall Street Journal | 06/26-27/2021 | Andrew Nathan |
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| Steady Advances In Stocks, Materials Show Faith in Risk | Stocks and commodities are surging together in a way few on Wall Street have ever seen, a sign that demand for riskier investments remains robust.  The S$P 500 hit its 32nd record of the year on Monday, buoyed in recent days by technology stalwarts like Microsoft Corp. and Facebook Inc. as well as consumer-focused stocks such as Chipotle Mexican Grill Inc.  The persistent climb and flurry of records underscore how the broadest measures of market performance remain remarkably strong, masking volatility under the surface.  …many investors remain confident that an expanding economy and rising corporate profits will support further gains.  And with returns from relatively safe assets such as bonds still limited due to ultralow interest rates – or even negative when factoring in inflation – traders keep favoring high-performing investments.  The Cboe Volatility Index, which measures expected swings in the broad stock index and is also known as Wall Street’s “fear gauge,” recently hit its lowest level since February 2020.  A slower-growing economy makes the reliable revenue growth of tech companies more attractive, investors say. | The Wall Street Journal | 06/29/2021 | Amrith Ramkumar and Hardika Singh |
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| U.S. Demand Drives Global Recovery | The U.S. economy, turbo-charged by stimulus worth almost $6 trillion and hungry for the world’s goods, is playing the role China played in the aftermath of the 2008 financial crisis, economists say.  Through the mid-2000s, the U.S. was the main locomotive for global growth, until China’s explosive expansion provided a second, and often leading, driver of the world’s economy. | The Wall Street Journal | 06/29/2021 | Tom Fairless and Stella Yifan Xie |
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| What’s News | ♦ Stocks edged higher, with the S&P 500 and Nasdaq closing at records and the Dow industrials registering a slight gain. | The Wall Street Journal | 06/30/2021 |  |
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|  | **DJIA** 34292.29 ▲ 9.02 0.03%  **NASDAQ** 14528.33 ▲0.2%  **STOXX 600** 456.37 ▲ 0.3%  **10-YR. TREAS**. yield 1.479%  **OIL** $72.98 ▲ $0.07  **GOLD** $1,762.80 ▼ $17.00 | The Wall Street Journal | 06/30/2021 |  |

“A recent study has shown that women who carry a little extra weight live longer than the men who mention it.” *Anonymous*

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