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| **RESOURCE LOG – JULY 2021** | | | | |
| **Article Title** | **Detail** | **Publication** | **Date** | **Author** |
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| Stocks Close Out Record Half, But Unease Grows Over Risks | The S&P 500 is up 14% this year, closing June at a record, while the Dow Jones Industrial Average has climbed 13%.  After a 12-month period in which it seemed stocks could do nothing but go up, many say the outlook is growing increasingly opaque.  So even as stocks march upward, and volatility is subdued, there is growing anxiety that future gains will be harder won.  In June alone, stocks logged both their wort week since October and their best week since February. Value stocks were among the best performers for the quarter, but growth stocks held their own, too.  Investors tend to favor pricier growth stocks when they believe economic growth will be scarce and turn to more economically sensitive value stocks – like banks, energy companies and industrials – when they anticipate a pickup in the economy.  Many investors believe much of the economy’s rebound has been priced in.  Even seasoned investors say they have struggled to discern whether soaring prices across markets are being caused by one-time issues or are a prelude to more long-lasting and broad inflation. | The Wall Street Journal | 07/01/2021 | Akane Otani |
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| Treasurys Signal Waning Exuberance | The recent drop in U.S. Treasury yields reveals some investors’ doubts about how strong the economy will be in the coming years, even as inflation pushes to its highest level in more than a decade.  Yields, which fall when bond prices rise, have surprised many by sliding in the second quarter of the year.  The yield on the benchmark 10-year U.S. Treasury note settled Wednesday at 1.443%, up from 0.913% at the end of last year but down from 1.749% at the end of March.  Investors’ economic confidence has been eroded by waning expectations for both fiscal and monetary stimulus, some investors and analysts said. | The Wall Street Journal | 07/01/2021 | Sam Goldfarb |
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| Strong Demand Pushes Up Freight Rates | Hopes among cargo owners for relief from record ocean-freight rates are fading fast as growing demand for China-made good ahead of the holiday shopping season threatens to overwhelm container-shipping operations.  Daily rates from China to the U.S. West Coast are up 66% since January and more than 400% since the beginning of 2020, according to the Freightos Baltic Index.  The rush to replenish depleted inventories has left cargo space hard to find and spurred big profit gains at operators… | The Wall Street Journal | 07/01/2021 | Costas Paris |
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| U.S. Wins Backing for global Minimum Corporate Tax Rate | Officials from 130 countries that met virtually agreed on Thursday to the broad outlines of what would be the most sweeping change in international taxation in a century. Among them were all of the Group of 20 major economies, including China and India. Which previously had reservations about the proposed overhaul.  Those governments now will seek to pass laws ensuring that companies headquartered in their countries pay a minimum tax rate of at least 15% in each of the nations in which they operate, reducing opportunities for tax avoidance.  U.S. Treasury Secretary Janet Yellen called it “a historic day for economic diplomacy.” She added, “Today’s agreement by 130 countries representing more than 90% of global GDP is a clear sign: The race to the bottom is on step closer to coming to an end.” | The Wall Street Journal | 07/02/2021 | Paul Hannon and Kate Davidson |
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| What’s News | ♦ Oil prices rose above $75 a barrel as OPEC and allied producers met and delayed a decision about what to do a bout surging demand from the industrialized world. | The Wall Street Journal | 07/02/2021 |  |
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| U.S. Oil Tops $75 for First Time Since 2018 | Oil prices rose above $75 a barrel as OPEC and a Russia-led group of producers met to weigh surging demand from the industrialized world and delayed a decision about what to do about it.  Demand growth from the developed world, which for years has stagnated, is on a tear as it emerges furiously from Covid-19 lockdowns. | The Wall Street Journal | 07/02/2021 | Benoit Faucon, Collin Eaton and Summer Said |
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| Job-Market Recovery Accelerates | Employers added 850,000 jobs in June – the highest gain in 10 months – and workers; wages rose briskly, the government said Friday, both signs of robust demand for workers.  A broader measure of unemployment that takes into account workers stuck in part-time jobs and those too discouraged to look for work fell sharply last month.  Hourly wages among private-sector workers rose 3.6% from a year earlier. | The Wall Street Journal | 07/03-04/2021 | Josh Mitchell |
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| Import Demands Increase Trade Deficit | The U.S. trade deficit widened in May, as American consumers and businesses stepped up purchases of imported products and materials amid a continued economic recovery.  The foreign-trade gap in goods and services expanded 3.1% from the prior month to a seasonally adjusted $71.2 billion in May…  Imports rose 1.3% to $277.3 billion, while exports increased 0.6% to $206 billion.  The gains in imports were fueled by purchases of industrial supplies such as crude oil, lumber, food and beverages as the U.S. economy opened up further from the pandemic-induced shutdown with the spread of vaccines. | The Wall Street Journal | 07/03-04/2021 | Yuka Hayashi |
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| Investors Brace for More Volatility | After a notably quiet stretch, many analysts are anticipating a break in the lull. The simplest reason: Trading desks tend to become more lightly staffed during the summer as employees take off for the holidays. That generally means there is less liquidity in the markets.  In turn, any surprising economic data, corporate news of monetary-policy news tends to “hit the market harder than they otherwise might,” said Nicholas Colas, co-founder of DataTrek Research, in an emailed note.  “And since volatility and returns have a negative correlation, this dynamic can make for difficult investment environments,” Mr. Colas said.  With the VIX finishing out the first half of the year at a measly 15.8, well below its record close of 82.7 in March 2020, strategists warn it isn’t time for investors to get complacent. | The Wall Street Journal | 07/07/2021 | Akane Otani |
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| Bond Yields Sink as Fears On Economy, virus Grow | Yields, which fell when bond prices rise, climbed sharply in the first quarter but have been drafted down in recent months by investors reassessing their more optimistic economic forecast amid signs that congress and the Federal Reserve might not provide quite as much stimulus as anticipated.  Treasury yields play an important function in the economy, helping set borrowing costs on everything from mortgages to corporate bonds.  The yield on the benchmark 10-year U.S. Treasury note settled at 1.321%, its lowest close since Feb. 18, compared with 1.369% on Tuesday.  Wednesday’s release from the Fed showed some officials at the June meeting expected the central bank to be able to start cutting purchases of Treasurys and mortgage-backed securities sooner than anticipated because of stronger-than-expected growth this year. | The Wall Street Journal | 07/08/2021 | Hardika Singh and Sam Goldfarb |
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| Don’t Worry Too Much About the Inflation Surge | If you’re worried about a return to the double-digit inflation of the 1970s and ‘90s, relax. There is a lot of angst these days as a result of the stunning 5% inflation rate (for the year ending May 2021) in the last consumer-price index release. We haven’t seen a reading that high in 13 years, but the huge supply shocks of the double-digit days aren’t present, and the Federal Reserve won’t let inflation soar. It is certainly possible, however, that inflation will linger above the Fed’s 2% target for a while.  One reason is that inflation, once it gets high, is hard to get back down. Normally that is true. But current inflation spikes are driven by special transitory factors.  Much of this year’s inflationary surge can be traced to two transitory factors: bounceback from the anomalous negative inflation readings of early 2020 and bottlenecks as the economy reopens unevenly.  It takes time for a gigantic economy to normalize after a huge shock. The U.S. doesn’t have a 5% inflation problem. But we may be stuck with inflation above 2% - maybe even above 3%-for a while. | The Wall Street Journal | 07/08/2021 | Alan S. Blinder |
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| Fed Policy Minutes Lift S&P to Record | The S&P 500 rose 14.59 points, or 0.3%, to 4358.13, setting a record. The Nasdaq composite extended its recent winning streak to four sessions and hit a record, gaining 1.42 points, or 0.01%, to 14665.06.  The Dow Jones Industrial Average added 104.42 points, or 0.33%, to 34681.79.  Meanwhile, bond yields continued to descend with the 10-year U.S. Treasury note yield reaching multimonth lows on Wednesday…  The market is now being driven by growth concerns, said Peter Boockvar, chief investment officer at Bleakley Advisory Group. There are signs that growth is plateauing, he said, but inflation isn’t that resembles the stagflation of the 1970s.  Those lower yields have bolstered appetite for assets like growth stocks that deliver higher returns.  U.S. crude fell 1.6% to $72.20 a barrel after suffering its biggest one-day fall since May on Tuesday. | The Wall Street Journal | 07/08/2021 | Anna Hirtenstein and Paul Vigna |
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| Decline In Stocks Is Worst In Weeks | U.S. stocks tumbled Thursday, while Treasury yields sank for a fourth day, as investors unwound bets on a spell of high growth and inflation.  All three major U.S. stock indexes suffered their worst daily performance in nearly three weeks as investors across the globe retreated from risky assets. The broad-based selloff across U.S. equities marked a reversal from last week, when indexes drifted higher, notching repeated records.  In contrast, the S&P 500 on Thursday lost 37.31 points, or 0.9%, to 4320.82, the benchmark index’s worst performance since June 18. The Dow Jones Industrial Average fell 259.86 points, or 0.7%, to 34421.93.  The Nasdaq composite dropped 105.28 points, or 0.7%, to 14559.78. | The Wall Street Journal | 07/09/2021 | Joe Wallace and Caitlin McCabe |
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| Economists Discount Oil-Price Threat | The recent bout of higher oil prices is unlikely to make much of a dent in the global recovery, according to economists who say strong growth and flush consumers in advanced economies will help the world absorb much of the blow from costlier crude.  Rising global demand and a dispute about supply levels among members of the Organization of the Petroleum Exporting Countries and allies sent U.S. crude oil futures prices rising above $75 a barrel earlier this month, the highest level in six years.  The International Monetary Fund projects the global economy will grow 6% this year, the fastest pace in at least four decades.  The recent rise in prices has been mostly driven by increased demand rather than supply problems, according to the Federal Reserve Bank of New York.  The European Union on Wednesday raised its 2021 growth forecast for the bloc’s economy to 4.8% from the 4.2% seen three months previously.  China’s economy is still projected to grow rapidly this year, at around 8%, analysts said.  Other emerging markets could be more exposed. Emerging-market consumers are usually more sensitive to rising prices as food and energy make up a higher proportion of spending. | The Wall Street Journal | 07/09/2021 | David Harrison, Georgi Kantchev and Paul Hannon |
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| Indexes Hit Fresh Records  *Dow, S&P, Nasdaq up both gain around 1%* | Major U.S. indexes staged a strong rebound Friday, finishing a topsy-turvy week at fresh records.  The S&P 500 added 48.73 points, or 1.1%, to 4369.55, following its worst one-day retreat since June 18. The Dow Jones Industrial Average added 448.23 points, or 1.3%, to 34870.16. The Nasdaq Composite gained 142.13 points, or 1%, to 14701.92. All three indexes closed at highs. | The Wall Street Journal | 07/10-11/2021 | Caitlin Ostroff and Gunjan Banerji |
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| Junk-Bond Yields Fall Below Inflation | A rally in corporate debt rated below investment grade has pushed yields to record lows around 4.57%, according to ICE Bank of America data through Thursday, while consumer prices roe 5% in May compared with a year earlier.  Corporate-bond yields have been scraping record lows in recent weeks…  The average extra yield, or spread, investors demanded to hold speculative-grade debt instead of U.S. Treasurys was 2.62 percentage points as of July 6, according to Bloomberg Barclays data. That is down from more than 10 percentage points in March 2020. | The Wall Street Journal | 07/10-11/2021 | Julia-Ambra Verlaine |
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| Tech Shares Stage Rebound  *Apple, Microsoft, Amazon lead as growth returns to top of investors’ buy lists* | Share of big technology companies have been flying past the rest of the market.  After languishing for months, the group has staged a resurgence with several tech behemoths hitting records in recent sessions.  Lackluster economic data over the past week and fears about the Delta variant of the Covid-19 virus have stoked volatility in stock and bond markets.  Eight tech heavyweights accounted for more than half of the S&P 500’s 7.3% gain from May 12, when the index hit a near-term low, through early July…  The tech sector’s recent win marks a revival of a trade that flourished in 2020, helping drive the S&P 500’s recovery for much of last year. | The Wall Street Journal | 07/12/2021 | Gunjan Banerji |
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| Global Tax Deal Faces Big Hurdle in Congress | A complex international corporate tax deal that took years to hammer out soon faces one of its toughest tests: the U.S. Congress.  The Group of 20 major economies backed the plan this weekend in Venice, Italy, following the earlier endorsement from a broader 130-country group. The plan, aimed at limiting corporate tax avoidance, would revamp longstanding international rules and is crucial to President Biden’s plans to raise corporate taxes. | The Wall Street Journal | 07/12/2021 | Richard Rubin |
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| Shipping Squeeze Punishes Small Businesses | With retail giants like Walmart Inc. and Amazon.com Inc. rushing to restock to meet booming demand from U.S. consumers, smaller competitors are battling over dwindling cargo space on boxships coming in from Asia.  Shipping delays and high freight rates are among several challenges facing American businesses, which also are dealing with rising costs for products and a shortage of available labor. These factors weigh especially heavily on small businesses, which tend to have fewer resources to absorb price increases and less leverage either to negotiate lower rates or pass along the higher costs to customers.  The administration will ask the Federal Maritime Commission to combat what it calls a pattern of consolidation that stifles competition and allows aggressive freight pricing. | The Wall Street Journal | 07/12/2021 | Costas Paris |
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| Inflation Threat Rises as Dynamics Shift | For the past few decades, the Federal Reserve has succeeded in keeping inflation low – perhaps too low. It had an assist: Shifts in the global economy, including globalizations, demographics and the rise of e-commerce, helped keep prices in check.  Some economists say these so-called secular forces have begun to reverse in ways that the pandemic has intensified.  Economists point to several secular shifts that could give rise to new inflationary pressures.  **Globalization Falters**  Global trade more than doubled from 27% of world gross domestic product in 1970 to 60% in 2008, buoyed by falling barriers to trade and investment.  Consumers in wealthy nations benefited. U.S. “core” goods prices, which strip out volatile energy and food prices, rose just 18% between 1990 and 2019.  …Blerina Uruci, senior U.S. economist at Barclays.  “In some ways, countries like the U.S. were importing disinflation or even deflation from their trade partners,” she said.  **Demographics Change**  The U.S., China and many large advanced economies face a demographic squeeze that could contribute to inflation.  Baby Boomers wield disproportionate spending power, said Peter Berezin, chief global strategist at BCS Research…  “If you have a group that’s still spending but not producing you have an increase in consumption relative to production that’s more likely to give you an inflationary impulse.”  **E-Commerce Matures**  Nearly 14% of retail sales are now conducted online, more than five times as much as in 2005.  On-line prices have risen 2% since March 2020, according to Adobe data. | The Wall Street Journal | 07/13/2021 | Gwynn Guilford |
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| Inflation Threat Rises as Dynamics Shift | **Consumers Predict Sharp Rise in Prices**  Expected inflation a year from now surged to 4.7% in June, the highest level in a survey that dates back to 2013, from a projected 4% the previous month, the New York Fed said in its latest Survey of consumer Expectations. | The Wall Street Journal | 07/13/2021 | Michael S. Derby |
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| Stocks Welcome in Earnings With Records  *Financial shares lead the way as nine of S&P 500 11 sectors move higher* | Financial stocks led with an advance of 1%, a day before big banks tart reporting their quarterly results.  The S&P 500 rose 15.08 points, or 0.3%, to 4384.63, its 39th record close of the year. The Dow Jones Industrial Average gained 126.02 points, or 0.4%, to 34996.18. The Nasdaq composite added 31.32 points, or 0.2%, to 14733.24. All three indexes built on records set Friday. | The Wall Street Journal | 07/13/2021 | Karen Langley and Anna Hirtenstein |
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| Banks, Boeing, Inflation Press Stock Prices | Stocks fell and bond yields rose as investors recoiled from another high inflation report and earnings out of some big banks.  Analysts pointed to new date showing inflation rising at its fastest pace in more than a decade as the key factor behind the pullback in stocks and bond prices. Ahead of the opening bell, the Labor Department said June’s consumer price index rose 5.4% from a year ago, the highest 12-month rate since August 2008.  Yields on the benchmark 10-year U.S. Treasury rose to 1.415%... | The Wall Street Journal | 07/14/2021 | Will Horner and Michael Wursthorn |
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| Four Trends Driving Consumer Prices Higher | Inflation heated up in June, driven by continued strong consumer demand and lingering supply constraints.  There are four main trends underlying the June inflation report. First are the items where prices fell sharply at the start of the pandemic and that are now returning to their pre-pandemic levels. Second are items where prices have temporarily risen above their pre-pandemic levels due to supply constraints and could come down. Third are items where prices are likely settling at a permanently higher level. And fourth are items where price increases have slowed rather than accelerated as a result of the pandemic, at least for now.  …Kathy Bostjancic, chief U.S. financial economist at Oxford economies. “It’s very unlikely a year from now we’d be seeing this continued type of rate of change in inflation,” she said.  The surge in travelers has boosted airline and hotel prices. Airfares in June were 24.6% higher than a year ago. Hotel prices were up 16.9% on the year.  But prices for both items remain below where they were two years ago, in June 2019, before the start of the pandemic.  Prices for new cars were about 5.1% above where they were two years ago, before the pandemic. Prices for used cars were up 41.3% over two years. The monthly used-car price increase represents about a third of total inflation in June.  It is possible the labor shortage could ease in the months ahead as higher wages draw more workers.  The Labor Department doesn’t take the soaring price of new homes into account when calculating inflation because it considers home purchases to be a long-term investment rather than something consumers buy on a regular basis. | The Wall Street Journal | 07/14/2021 | David Harrison |
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| Inflation Escalates At Fastest Pace in 13 Years | The Labor Department said last month’s consumer-price index increased 5.4% from a year ago, the highest 12-month rate since August 2008. The so-called core price index, which excludes the often volatile categories of food and energy, rose 4.5% from a year before.  It increased a seasonally adjusted 0.9% in June from May, the largest one-month change since June 2008.  Prices for used cars and trucks leapt 10.5% from the previous month, driving one-third of the rise in the overall index… | The Wall Street Journal | 07/14/2021 | Gwynn Guilford |
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| What’s News | ♦ China’s imports and exports posted stronger-than-expected growth in June as global demand for Chinese goods remained solid. | The Wall Street Journal | 07/14/2021 |  |
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| Powell Says Fed Would Raise Rates if Inflation Risk Persists | Federal Reserve Chairman Jerome Powell said the central bank wouldn’t hesitate to raise interest rates to keep inflation under control, but he repeatedly emphasized he still expects price pressures to ease later this year.  Pandemic-related bottlenecks and other supply constraints created “just the perfect storm of high demand and low supply” that led to rapid price increases for certain goods and services, Mr. Powell said. Higher inflation readings “should partially reverse as the effects of the bottlenecks unwind,” he said. | The Wall Street Journal | 07/15/2021 | Nick Timiraos |
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| Lumber Prices Plunge After Rising in Spring | After rising to shockingly expensive levels this spring, lumber prices have fallen so far that they are tarting to look cheap to some buyers. | The Wall Street Journal | 07/15/2021 | Ryan Dezember |
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| Time Is Money in Transport Snarl  *The jam in global supply chains is causing delays and uncertainty for businesses* | The cost to transport goods has naturally gone up, in many cases by a lot. The average price world-wide to ship a 40-foot container overseas reached $8,795.77 as of July 8, according to Drewry Shipping Consultants, which is up 333% from a year earlier. Once that container comes off the ship, there are additional shipping costs, and they, too, are rising. In June, prices for transporting goods by truck were up 15% from a year earlier, according to the Labor Department, while prices at freight forwarders, customs brokers and other businesses that arrange freight and cargo for transportation were up 58%.  Only about 39% of container ships around the world were on time arriving at ports in May, according to Sea-Intelligence…  Difficulty hiring and retaining truck drivers and other transportation workers in the U.S. is compounding the problem.  Eventually the problems businesses are facing transporting goods should resolve themselves, but eventually might not be coming soon. | The Wall Street Journal | 07/15/2021 | Justin Lahart |
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| Deal Reached on Oil Output | OPEC members reached a compromise with the United Arab Emirates, agreeing to hit the amount of oil that country can eventually pump as part of a wider agreement with Russia-led producers to boost global supplies, according to people familiar with the matter  Reflecting the still-uncertain nature of the talks and their effect on supply and demand, oil prices seesawed Wednesday.  West Texas Intermediate was trading down 2% at more than $73 a barrel. | The Wall Street Journal | 07/15/2021 | Summer Said and Benoit Faucon |
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| Investors Return to Oil, Gas As Prices Increase | Speculative-grade energy companies, including oil producers, pipeline operators and refineries, have issued bonds in the U.S. at a record pace this year, raising about $34 billion so far, according to LCD, a unit of S&P Global Market Intelligence.  Cash is primarily heading toward riskier borrowers in the shale patch, which by this time last year had raised about half as much from bond issuances.  Wide-open capital markets introduce a new wrinkle into the debate about the direction of crude prices, which already have jumped about 48% this year to about $72 a barrel in the U.S. | The Wall Street Journal | 07/16/2021 | Joe Wallace and Collin Eaton |
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| Powell Inflation Alert Hits S&P | Stocks ended lower after the Federal Reserve’s chief said recent inflation was uncomfortably above the levels that the central bank seeks and sounded somewhat less confident about the economic outlook than earlier in the year.  The S&P 500 finished the session 14.27 points lower, or 0.3%, to 4360.03. The Nasdaq composite fell 101.82 points, or 0.7%, to 14543.13. In contrast, the Dow Jones Industrial Average finished its choppy session 53.79 points higher, or 0.2%, to 34987.02, the second highest close in its history.  The major indexes are hovering near all-time highs on signs of the economy rebounding and stronger-than-expected corporate earnings.  Concerns over how long higher inflation will linger and its impact on future earnings, as well as worry that the Federal Reserve may reduce its level of support, are also weighing on sentiment.  On Wednesday, Mr. Powell told lawmakers that the central bank wouldn’t be in a hurry to start paring monthly asset purchases and that the economy “is still a ways off” from the Fed’s goals. | The Wall Street Journal | 07/16/2021 | Hardika Singh and Caitlin Ostroff |
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| Retail Spending Bolsters Signs of Recovery  *Monthly increase of 0.6% after a decline in May, comes amid accelerating inflation* | Americans stepped up retail spending in June, offering a boost to the economic recovery as it faces concerns about accelerating inflation.  Spending had slowed in late spring after surging earlier in the year. June’s increase marked a pickup. | The Wall Street Journal | 07/17-18/2021 | Amara Omeokwe |
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| Yield Spread Highlights Embrace of Riskier Debt | The extra return investors demand to hold lower-rated corporate bonds over ultrasafe Treasurys has fallen within striking distance of record lows, a sign of investors’ appetite for riskier assets and the changing composition of bond indexes.  As of Thursday, the average extra yield, or spread, of bonds in the Bloomberg Barclays U.S. high-yield corporate bond index was 2.82 percentage points. | The Wall Street Journal | 07/17-18/2021 | Sam Goldfarb |
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| OPEC, Allies to Boost Oil Output  *Cartel moves to restore capacity it cut at start of pandemic as demand rebounds* | OPEC and its Russia-led oil-producing allies agreed to unleash millions of barrels of bottled-up crude over the next two years, committing to restore all the cuts they made at the start of the pandemic as many economies pick up and crude demand recovers.  The prospect of an OPEC deal had already led to a drip in prices, which have recovered strongly this year. Brent, the international benchmark, and West Texas Intermediate have both fallen about 5% in recent days, as hope grew for an OPEC deal. Brent closed above $73 a barrel… | The Wall Street Journal | 07/19/2021 | Benoit Faucon and Summer Said |
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| Economy’s Growth Expected To Slow | The U.S. economy’s 2021 growth surge likely peaked in the spring, but a strong expansion is expected to continue into next year, economists surveyed by The Wall Street Journal said.  …economists expect the economy to continue growing solidly over the coming year, fueled by job gains, pent-up savings and continued fiscal support. | The Wall Street Journal | 07/19/2021 | Sarah Chaney Cambon and David Harrison |
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| China Fights High Commodity Prices | China’s multipronged campaign to roll back rising commodity prices is pitting the world’s largest buyer of many major resources and its brand of command economic policy against global market forces. Pries show victory remains elusive.  Beijing in early July auctioned state stockpiles of copper, aluminum and zinc reserves to increase supplies.  Global prices haven’t bowed to Beijing’s will after its first round of auctions.  China’s leaders have singled out commodity markets as a cause of high producer price inflation in the world’s second-largest economy, which they fear could hurt its economic recovery, while economists say that may feed into rising consumer prices abroad such as in the U.S.  Analysts estimate that China might not have enough nonferrous metals in its official stockpiles to sufficiently sway prices over the longer term.  Supply fundamentals in key global commodities will remain tight in the second half, analysts say. | The Wall Street Journal | 07/19/2021 | Chuin-Wei Yap |
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| Markets Reel Over Delta Variant  *Dow declines 2.1% and oil sinks 7.5% on worry about potential risks to economic recovery* | The Dow Jones Industrial Average declined more than 700 points on Monday…  Meanwhile, the yield on the 10-year U.S. Treasury note, which falls as bond prices rise, sunk to its lowest level since February. And in another sign of fear, U.S. crude oil prices slid 7.5%-marking their worst session since September.  Behind the rout, investors said, is a growing list of concerns about the recovery.  Many money managers believe the global economy will be able to keep growing. They just don’t know how quickly… | The Wall Street Journal | 07/20/2021 | Gunjan Banerji and Akane Otani |
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| Investors Run for Shelter In Bonds | Investors sheltered in the safety of government bonds while oil prices fell, moves reminiscent of trading patterns that prevailed in the early days of the pandemic when uncertainty drove prices in global markets.  The Dow ended the day down 725.81 points, or 2.1%, at 33962.04, its worst day in almost nine months.  The yield on 10-year Treasury notes fell to 1.818%-its lowest level since February… | The Wall Street Journal | 07/20/2021 | Joe Wallace, Alexander Osipovich and Frances Yoon |
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| Tax Fears Drive Wealthy to Munis | Wealthy Americans eyeing potential tax increases are helping drive record amounts of money into municipal bond funds.  In the first six months of 2021, U.S. municipal bond funds attracted an estimated $56.9 billion in net new money – the most for any first half of the year going back to 1992, according to data from Refinitiv Lipper.  Municipal bonds typically offer interest payments that are exempt from federal income taxes and sometimes from state taxes in the state where the bond is issued.  Many affluent households fear that President Biden and the Democratic-controlled Congress will raise taxes.  “Taxes are a huge concern for clients right now,” said Anderson Lafontant, senior adviser at Los Angeles-based Miracle Mile Advisors. “It’s really increasing the demand for municipal bonds, because they have tax-free interest.”  “Muni returns will be muted in the near term, but the tax efficiency cannot be beat, and that is what is more attractive today,” said Alex Chaloff, co-head of investment strategies at Bernstein Private Wealth Management. | The Wall Street Journal | 07/20/2021 | Karen Langley and Richard Rubin |
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| Oil Traders Bet on Further Drops  *Options activity shows how variant has upset economic growth forecasts* | U.S. crude prices swooned in tandem with stocks and other industrial commodities to start the week after the spread of the coronavirus Delta variant shook confidence in the global economic rebound. West Texas Intermediate futures recovered some lost ground Tuesday but remained 10% below their recent closing high at $67.42 a barrel.  Some investors were betting that a combination of constrained supplies and booming demand would push oil above $100 a barrel for the first time since 2014.  Though few money managers expect a return to 2020-style shutdowns in the U.S. or Europe, they say caution among consumers or limitations on international travel could crimp the recovery in demand. | The Wall Street Journal | 07/21/2021 | Joe Wallace |
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| Stocks Rebound After Steep Decline | U.S. stocks prices rose sharply, with the S&P 500 recording its best day in nearly four months, as investors rushed in to buy shares that had been knocked down in Monday’s steep selloff.  The rally suggested that even as the rapidly spreading Delta variant of the coronavirus casts a shadow over the nation’s economic outlook, many investors still see few attractive alternatives to stocks.  The Dow Jones Industrial Average climbed 549.95 points, or 1.6%, to 34511.99, while the broader S&P 500 gained 64.57 points, or 1.5%, to 4323.06. That marked that index’s biggest one-session gain since March 26 and nearly erased Monday’s 1.6% drop.  The tech-heavy Nasdaq composite added 223.89 points, or 1.6%, to 14498.88.  All three indexes are within 2% of their July 12 records… | The Wall Street Journal | 07/21/2021 | Karen Langley and Anna Hirtenstein |
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| Inflation’s Biggest Threat to the Recovery | There are two kinds of inflation. One results from demand growing faster than the economy’s productive capacity, causing the economy to overheat. Call that good inflation because it is usually linked to a stronger economy. By contrast, bad inflation results from constricted supply that curtails output, driving up prices and eroding incomes, leading to a weaker economy.  Much of the debate over inflation is whether the good sort – i.e., overheating – is about to happen. But investors are signaling that the bad sort is the bigger risk to the economy. As measured inflation has shot to a 13-year high of 5.4%, long-term bond yields have plummeted.  Surveys suggest higher inflation is now consumers’ biggest concern.  But the Fed’s tools, namely higher interest rates, work by cooling demand. They are useless when the problem is restricted supply. In fact, raising rates in the face of a supply shock could aggravate the economic damage and perversely make future inflation too low… | The Wall Street Journal | 07/22/2021 | Greg Ip |
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| Infrastructure Deals Draw A New Flood of Investors | Investors are pouring money into infrastructure funds, which are on the rebound after proving their resiliency during last year’s pandemic-related downturn.  The performance of different types of infrastructure assets was uneven, however. Traditional so-called core infrastructure assets – developed, cash-flow -yielding assets such as utilities-performed strongly, as did those in hot sectors like digital infrastructure. Investments that performed less well include those tied to oil and gas as well as certain types of transportation assets, such as airports.  Demand for core infrastructure assets has correspondingly increased… | The Wall Street Journal | 07/22/2021 | Chris Cumming |
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| Yields Fall In Sign Inflation Isn’t That Big a Fear | Monday’s sharp selloff in major U.S. stock indexes highlighted investors’ mounting concern that the biggest risk to markets now is underwhelming growth, rather than the runaway price increases feared earlier in the year.  At the same time, many investors think inflation readings may run hot for some period, then subside on their own or lea the Federal Reserve to raise interest rates and slow the economy.  Investors still expect a decent economic recovery.  The yield on the benchmark 10-year U.S. Treasury note settled at 1.279% Wednesday, up from 1.181% Monday… | The Wall Street Journal | 07/22/2021 | Sam Goldfarb |
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| What’s News | ♦ Fed officials are set to accelerate deliberations at their meeting next week over how to scale back their easy-money policies amid a stronger U.S. economic recovery than they anticipated six months ago. | The Wall Street Journal | 07/23/2021 |  |
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| What’s News | ♦ Intel’s CEO sees the global semiconductor shortage potentially stretching into 2023, adding a leading industry voice to the growing view that the chip-supply disruptions won’t wane soon. | The Wall Street Journal | 07/23/2021 |  |
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| What’s News | ♦ Continued strong demand pushed the median U.S. home price to a record in June, though the national house-buying frenzy cooled slightly as supply ticked higher. | The Wall Street Journal | 07/23/2021 |  |
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| Bitcoin’s Sharp Drop Undercuts Its Position as Inflation Hedge | The consumer-price index rose to 5.4% in June, its fastest pace in 13 years. And inflation measures in 49 countries have all been rising since the beginning of the year, according to the Center for Financial Stability, a New York-based nonprofit think tank.  Bitcoin is going I the other direction. The digital currency has fallen in five of the past eight days and is down 6.7% in July, extending its monthslong selloff. It is now up 11% in 2021.  Other markets are also bucking traditional patterns during inflationary periods. Gold is down 4.8% this year and 12% from August’s record.  Many investors have largely dismissed the gains in inflation, seeing them as skewed by short-term supply disruptions related to the reopening of the economy. | The Wall Street Journal | 07/23/2021 | Paul Vigna |
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| Market Rebound to Hit Highs After Pullback in Volatile Week | U.S. stocks rallied Friday, pushing the Dow Jones Industrial Average across the 35000closing milestone for the first time, in a striking rebound from major indexes’ pullback earlier this week.  All three major U.S. stock indexes finished Friday at all-time highs after each posted weekly gains of more than 1%.  At the start of the week, all three indexes had dramatic falls.  The S&P 500 finished Friday up 44.31 points, or 1%, to close at 4411.79, notching a 2% gain for the week and its 40th record close for the year. The Dow industrials added 238.20 points, or 0.7%, to close at 35061.55, marking a 1.1% weekly gain. The climb past 35000 marked the index’s fastest 5,000-point gain to a new milestone…  The Nasdaq composite, meanwhile, gained 152.39 points, or 1% Friday, to finish the week at 14836.99. the technology-heavy index rallied 2.8% for the week. | The Wall Street Journal | 07/24-25/2021 | Caitlin McCabe and Joe Wallace |
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| U.S. Growth Drives Global Recovery | The U.S. economy likely returned to its late-2019 size during the three months through June, helping lift global output above its pre-pandemic level for the first time.  Economists surveyed by The Wall Street Journal estimate that figures to be released Thursday will show that the U.S. gross domestic product rose at an 8.5% seasonally adjusted annual rate in the second quarter.  The combined economic output of the Group of 20 leading economies exceeded its pre-pandemic level in the first quarter…  Europe’s economy, however, likely remains smaller than before the pandemic, according to the European Commission…  U.S. GDP will likely even be higher by the end of 2022 than was forecast before the pandemic, says the OECD. | The Wall Street Journal | 07/26/2021 | Paul Hannon |
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| Global Investors Step Up U.S. Fund Purchases  *Record flows are fueled by confidence in economic comeback from the pandemic* | Investors world-wide have funneled more than $900 billion into U.S. domiciled mutual and exchange-traded funds, on a net basis, during the first half of the year…  The S&P 500 has climbed over 17% in 2021 to fresh all-time highs, while German’s DAX has risen 14%, the Shanghai composite has added 2.2% and Japan’s Nikkei Stock Average remains little changed. | The Wall Street Journal | 07/26/2021 | Sebastian Pellejero |
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| Key Inflation Predictor Begins to Ease | That signal is so-called inflation expectations: what businesses, consumers, workers and investors expect inflation to be over the next one to 10 years. Because such expectations can be self-fulfilling, economists consider them key to where inflation is going.  The median expectation of inflation during the next year for consumers surveyed by the University of Michigan shot to 4.8% this month, the highest since August 2008. However, consumers’ one-year expectations are strongly influenced by today’s inflation rate, now a 13-year high of 5,4%. A more-reassuring message comes from their expectations for five to 10 years from now: That came in at 2.9% in early July, down slightly from 3% in May and close to the average of 2.8%...  Bond investors also don’t seem to be betting on a sustained jump in inflation, based on the “break-even inflation rate” – the difference between the yield on regular Treasury bonds and on inflation-indexed bonds.  Business inflation expectations have declined, too, since May, as tracked by the Federal Reserve Bank of Atlanta’s monthly survey of around 300 businesses in six states. | The Wall Street Journal | 07/27/2021 | Gwynn Guilford |
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| What’s News | ♦ New regulatory actions in China rattled investors, hammering big tech stocks and fueling a fresh crash in t he shares of firms that organize online and in-person tutoring for Chinese schoolchildren. | The Wall Street Journal | 07/27/2021 |  |
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| Dow, S&P, Nasdaq Notch Records | Stocks rose slightly to set records ahead of a busy week of earnings from technology companies.  The Dow Jones Industrial Average added 82.76 points, or 0.2%, to 35144.31, after the blue-chip index on Friday closed above the 35000 milestone for the first time. The S&P 500 rose 10.51 points, or 0.2%, to 4422.30, and the Nasdaq composite added 3.72 points, or less than 0.1%, to 14840.71. All three indexes set records for the second consecutive session. | The Wall Street Journal | 07/27/2021 | Caitlin Ostroff and Paul Vigna |
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| Stocks Keep Climbing, Avoiding Routine Pullbacks | The benchmark S%P 500 hasn’t suffered a 5% pullback since October and has advanced 35% since the end of that month.  Investors said they have been grappling with both the risk that a highly contagious variant of Covid-19 could threaten growth and indications that the Federal Reserve could dial back its easy-money policies sooner than expected. | The Wall Street Journal | 07/28/2021 | Karen Langley |
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| Price Rise For Homes Hit Record In May | Home-price growth climbed to a record in May, as low mortgage interest rates continued to drive robust home buying demand.  The S&P CoreLogic Case-Shiller National Home Price Index, which measures average home prices in major metropolitan areas across the nation, rose 16.6% in the year that ended in May…  The median existing-home sales price in June rose 23.4% from a year earlier to $363,300, a record, the National Association of Realtors said earlier this month. | The Wall Street Journal | 07/28/2021 | Nicole Friedman |
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| Economic Outlook Tied to Vaccinations | The economic outlook is diverging for countries based largely on how well they are rolling out Covid-19 vaccinations, according to new forecasts released Tuesday by the International Monetary Fund.  …far lower vaccination rates have left emerging and developing economies more vulnerable to additional waves of the pandemic and the associated economic fallout.  Overall, the world economy is expected to expand 6% this year, the IMF said, unchanged from its April forecast…  Leading the way are the economies of the U.S. and U.K., which are both projected to grow 7% this year, upgrades of 0.6 percentage-point and 1.7 points, respectively…  “The recovery is not assured until the pandemic is beaten back globally,” IMF chief economist Gita Gopinath said in a blog post …  Inflation in advanced economies – which has been driven largely by increases in prices of items such as lumber, used cars and air travel – is likely to subside to 2.1% next year from 2.4% in 2021 as pandemic-related supply disruptions ease, the IMF said. | The Wall Street Journal | 07/28/2021 | Josh Zumbrun |
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| Treasury Yields Rise After Fed Statement | U.S. government bond yields edged higher Wednesday after the Federal Reserve signaled it was getting closer to the time it could start tapering bond purchases.  The yield on the benchmark 10-year Treasury note, which helps set borrowing costs on everything from mortgages to corporate debt, settled at 1.259%.  Short-term yields, which are especially sensitive to changes in monetary policy, also closed higher, with the yield on the five-year Treasury note increasing to 0.739% from 0.694% Tuesday. | The Wall Street Journal | 07/29/2021 | Hardika Singh |
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| Inflation-Protected Bonds Signal Pessimism | Yields on government bonds in the U.S. and Europe have dropped to records when adjusted for inflation, a sign of investors’ waning optimism on the global economic recovery.  The yield on the 10-year Treasury inflation-protected security, or TIPS, finished Wednesday’s session at minus 1.105%, according to Tradeweb. That is up from Tuesday’s close at minus 1.132% - the lowest ever on record, in data going back to February 2003.  Yields, which fall when bond prices rise, have also declined to new lows this week on inflation-protected securities in Germany…  The Fed has said it would keep monetary policy loose until unemployment returns to pre-pandemic levels and inflation rises modestly above its 2% target.  Other investors say that the recent swings in Treasury yields are to be expected this summer, given the wide range of outcomes for the global recovery and thin summer trading, which can exacerbate market swings. | The Wall Street Journal | 07/29/2021 | Sebastian Pellejero |
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| Fed hints At Slower Pace for Buying Assets  *Central bank sees economy making progress on inflation, employment goals* | The Fed cut its benchmark interest rate to near zero in March 2020 and has been purchasing at least $120 billion a month in Treasurys and mortgage bonds to provide extra stimulus to the economy.  Officials said in a statement Wednesday, at the conclusion of their two-day meeting, “the economy has made progress toward these goals” this year and indicated they would “assess progress in coming meetings.”  That is a clue the Fed could outline plans to start reducing, or tapering, the purchases, later this year. | The Wall Street Journal | 07/29/2021 | Nick Timiraos |
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| What’s News | ♦ A bipartisan group of senators struck an agreement on a roughly $1 trillion infrastructure package after grinding months of talks… | The Wall Street Journal | 07/29/2021 |  |
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| Stocks Slip, but End the Month Higher | U.S. stocks hung on to their gains for July, despite drifting lower in a quiet final trading session of the month.  A monthslong rally in U.S. stocks has slowed in recent weeks on worries about the outlook for the economy, which some investors worry may stumble as coronavirus case counts rise again. Lingering concerns over China’s clampdown on its internet and technology businesses, as well as lofty expectations for corporate earnings, also weighed on sentiment this week.  Nevertheless, the S\*P 500 managed to close out July with another month of gains, thanks in part to rallying shares of utilities and real-estate companies.  The S&P 500 fell 23.89 points, or 0.5%, to 4395.26 Friday…  The Dow Jones Industrial Average slipped 149.06 points, or 0.4%, to 34935.47 and posted a 1.3% gain for the month. The Nasdaq composite lost 105.59 points, or 0.7%, to 14672.68 and added 1.2% for the month. | The Wall Street Journal | 07/31-08/01/2021 | Caitlin Ostroff and Akane Otani |

New data from the U.S. census bureau shows that as of April 1, 2020, the U.S. population stood at 331.5 million people which represents a 7.4% increase between 2010 and 2020 – the second slowest rate of expansion since the government began taking the census in 1790. *Axios Future, April 28, 2021*

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