|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **RESOURCE LOG – SEPTEMBER 2021** | | | | |
| **Article Title** | **Detail** | **Publication** | **Date** | **Author** |
|  |  |  |  |  |
| What’s News | ♦ U.S. stocks slipped Tuesday, but major indexes posted gains or the month. The S&P 500, Nasdaq and Dow rose 2.9%, 4% and 1.2%, respectively, in August. | The Wall Street Journal | 09/01/2021 |  |
|  |  |  |  |  |
| What’s News | ♦ Home-price growth in the U.S. climbed to a record in June as robust demand continued to outpace the number of homes on the market. | The Wall Street Journal | 09/01/2021 |  |
|  |  |  |  |  |
| What’s News | ♦ Eurozone inflation hit its highest level in almost a decade in August, with broad consumer prices 3% higher than a year earlier. | The Wall Street Journal | 09/01/2021 |  |
|  |  |  |  |  |
| Pandemic Weighs On Social Security | The severe economic downturn caused by the Covid-19 pandemic last year weighed on the financial health of Social Security, but not nearly as much as many forecasters originally feared, according to new projections of the program’s finances.  …report released Tuesday said the program is expected to pay benefits that exceed its income in 2021…  While the pandemic had a significant impact on the program, the trustees said, they expect Social Security’s reserves to be depleted by 2034, only on year sooner than they estimated in their April 2020 report. Once the reserves are exhausted, benefits would be reduced automatically unless congress steps in to shore up the program, which lawmakers have done previously.  Senior administration officials also said they expect higher inflation this year will significantly boost benefits next year, estimating Social Security beneficiaries could see close to a 6% cost-of-living increase. That would be the highest annual benefit increase since 2008. | The Wall Street Journal | 09/01/2021 | Kate Davidson |
|  |  |  |  |  |
| Nasdaq Rises to Record, as Dow Drops  *Fast-growing companies like Netflix, Twitter and Apple outperform market* | The Nasdaq Composite jumped to a record to start the month, building on its strong gains from August.  The tech-heavy gauge added 50.15 points, or 0.3%, to 15309.38. The S&P 500 added 1.41 points, or less than 0.1%, to 4524.09. The benchmark stock index has climbed for seven consecutive months – the longest winning streak since January 2018 – and closed slightly below its record. The Dow Jones Industrial Average slipped 48.20 points, or 0.1%, to 35312.53.  Stocks have risen over the summer, buoyed by expectations that the economic recovery would enable corporate profits to keep expanding.  The S&P 500 hasn’t suffered a 5% pullback since October and has clinched more than 50 fresh highs in 2021.  “September can be quite a challenging month for risk assets,” said Suzanne Hutchins, head of real return investments at Newton Investment Management. “Markets are pretty high across the board, valuations are pretty rich.”  Other potential risks include China’s crackdown on technology companies and Germany’s federal election in September, Ms. Hutchins said.  …economic growth have led investors to pile into shares of tech and fast-growing companies. | The Wall Street Journal | 09/02/2021 | Joe Wallace and Gunjan Banerji |
|  |  |  |  |  |
| Stocks Notch Weekly Gain Despite Preholiday Lull | The S&P 500 drifted lower Friday but managed to post weekly gains ahead of the holiday weekend. | The Wall Street Journal | 09/04-05/2021 | Akane Otani and Caitlin Ostroff |
|  |  |  |  |  |
| What’s News | ♦ Hiring slowed sharply in August as the surging Delta variant dented the pace of the economic recovery. The U.S. economy added 235,000 jobs last month, falling far short of economists’ estimates for 720,000 new jobs. | The Wall Street Journal | 09/04-05/2021 |  |
|  |  |  |  |  |
| Report Keeps Fed On Path To ‘Taper’ | The slowdown in job growth in August is likely to spoil the case for the Federal Reserve to start reversing its easy-money policies at its next meeting, but steady hiring could still lead officials to begin reducing their bond purchases later this year.  The Fed cut interest rates to zero last year and began purchasing $80 billion a month in Treasury securities and $40 billion in mortgage securities to provide added stimulus. . | The Wall Street Journal | 09/04-05/2021 | Nick Timiraos |
|  |  |  |  |  |
| Beware the Bet You Don’t Have To Make. It Could Explode | You can’t invest all without taking any risk. Even if you keep 100% of your money in Treasury bills backed by the U.S. government or bank accounts insured by Uncle Sam, that isn’t risk-free. You run the very real risk that, at today’s paltry interest rates, the income you earn won’t maintain its purchasing power. Net of inflation, you are highly likely to lose money.  A long bull market, however, goads many investors into taking voluntary risks. They seek bets they don’t have to make.  That isn’t so surprising: The S&P 500 has closed at new all-time highs 54 times so far this year, making it seem almost as if the market will never go down…  In much the same way, the low-interest-rate policy of the Federal Reserve and other central banks around the world has made the market environment less risky – thereby prodding investors into behavior that’s more risky.  Stocks are up 22% so far in 2021, while bonds have been flat. Even if your target is a conservative 50/50 mix of stocks and bonds, the bull market has probably bumped you to 55% stocks and 45% bonds. Without even taking any action, you’ve taken on extra risk.  To get back to your target, sell some stock, buy some bonds or both.  Also ask: Is this a risk I need to take?  Finally, ask whether it’s a risk you understand. | The Wall Street Journal | 09/04-05/2021 | Jason Zweig |
|  |  |  |  |  |
| What’s News | ♦ Aluminum prices rose to their highest level in 10 years after a military coup in mineral-rich Guinea threatened to snarl the metal’s supply chain. | The Wall Street Journal | 09/07/2021 |  |
|  |  |  |  |  |
| Low-Rated Bonds Draw Yield Seekers | Record-low interest rates on riskier corporate bonds are prompting money managers to look far afield in a bid to boost returns.  Faced with yields once reserved for the safest types of government debt, some managers of speculative-grade bond funds are piling into debt with rock-bottom credit ratings. Others are buying smaller, more obscure securities that carry higher yields because they can be hard to sell.  The average speculative-grade U.S. corporate bond yield reached as low as 3.53% this summer, more than a percentage point lower than it had reached at any time before the covid-10 pandemic…  The average extra yield, or spread, that investors demand to hold low-rated bonds instead of ultrasafe Treasurys is near a record low.  Low yields cause particular anxiety for high-yield-fund managers, given that buying the wrong bonds can mean dealing with defaults and drawn-out bankruptcies, not just lagging behind benchmark returns.  …there are broad pressures on managers to outperform their benchmarks. Accordingly, for much of the year, many have been piling into the lowest-rated speculative-grade bonds - those rated triple-C or lower. This buying spree has driven yields down so far that purchasers have rarely been compensated less for taking risk.  At the start of the year, investors could obtain 2.79 percentage points of additional spread by buying triple-C bonds rather than those rated one tier higher. By July, that was down to 1.51 percentage points – the lowest over the past 20 years other than a brief period in 2007. | The Wall Street Journal | 09/07/2021 | Sam Goldfarb |
|  |  |  |  |  |
| Ports See Bottlenecks Lasting Well Into ’22 as Inventories Are Rebuilt | Major U.S. ports were forecast to handle the equivalent of some 2.37 million imported containers in August, according to the Global Port Tracker report produced by Hackett Associates for the National Retail Federation.  The figure is the most for any month in records dating to 2002…  Ports have emerged as one of many bottlenecks in global supply chains as ships fill up with boxes carrying electronics, home furnishings, holiday decorations and other goods.  Hundreds of thousands of containers are stuck aboard ships waiting for a berth or stacked up at terminals waiting to be moved by truck or rail to inland terminals, warehouses and distribution centers.  The surge is being driven by Americans shifting their spending away from services, such as restaurants and vacations, to home improvements, office equipment and other consumer goods. | The Wall Street Journal | 09/07/2021 | Paul Berger |
|  |  |  |  |  |
| Investors, Seeking Income Turn to Dividend Funds | Hungry for yield, investors are pouring money into exchange-traded funds that focus on stocks increasing or paying high dividends.  Dividend payouts by U.S. companies have sharply increased this year from 2020, when companies, fearful of the pandemic and economic uncertainty, hoarded capital to shore up their balance sheets.  “We expect Q3 this year will break the all-time dividend record for S&P 500 companies,” says Howard Silverblatt, senior index analysts at S&P Dow Jones.”  Rich Powers, Vanguard’s head of ETF and index product management, agrees. “Some people might look at these ETFs as alternatives to fixed-income products but they are not,” he says. “There is more risk of volatility.” | The Wall Street Journal | 09/07/2021 | Lori Ioannou |
|  |  |  |  |  |
| Stocks Retreat as Economy Starts to Flag | The S&P 500 fell into the red as investor’s worried that the spread of Covid-19 will weigh on economic growth.  Emerging evidence suggests the U.S. economy is losing steam as the summer winds down, with consumers pulling back, employers easing up on hiring and businesses adapting to changing health requirements.  The broad S&P 500 index fell 15.40 points, or 0.3%, to 4520.03. The Dow Jones Industrial Average retreated 269.09 points, or 0.8%, to 35100.00. The tech-heavy Nasdaq Composite added 10.81 points, or 0.1%, to 15374.33, a record close.  …the Labor Department’s employment report on Friday showed the pace of hiring in the U.S. slowed significantly in August.  Most sectors of the S&P 500 declined, with the industrials, utilities, consumer staples and real-estate groups retreating more than 1%.  The yield on the benchmark 10-Year U.S. Treasury note ticked up to 1.370% from 1.322% on Friday. | The Wall Street Journal | 09/08/2021 | Karen Langley and Will Horner |
|  |  |  |  |  |
| Deals Set To Give Banks Busiest Year Ever  *Tie-ups in U.S. valued at $1.8 trillion so far, as businesses make up for pandemic setbacks* | The merger wave is minting money for Wall Street. At big banks and boutique advisory firms alike, deal-advisory revenue reached new heights in the first half of the year. Goldman Sachs Group Inc., the top deal-making shop on Wall Street, brought in more than $1 billion in fees in each of the three last quarters. It surpassed that level only once in the decade before the coronavirus pandemic. | The Wall Street Journal | 09/08/2021 | Peter Rudegeair and David Benoit |
|  |  |  |  |  |
| Economy Pulls Back, Dashing Hopes for Fall Boost | Earlier this summer, many economists saw the week of Labor Day as the moment when the economic recovery would kick into high gear.  Instead, the rise of Covid’s Delta variant has the nation tapping the brakes.  Economists are downgrading their forecasts.  Economists don’t expect the variant to push the U.S back into recession. | The Wall Street Journal | 09/08/2021 | Eric Morath and Theo Francis |
|  |  |  |  |  |
| Bitcoin’s First Try As Legal Tender Has a Rough Start | Bitcoin enthusiasts around the world showed their support for El Salvador by each buying $30 of bitcoin. Still, bitcoin was at $46,776.65 as of 5 p.m. Eastern time Tuesday, down 9.9%.  The crypto asset has proven to be much more volatile than traditional currencies, as it lacks economic fundamentals to support its value and trades entirely on sentiment. | The Wall Street Journal | 09/08/2021 | Santiago Perez and Caitlin Ostroff |
|  |  |  |  |  |
| What’s News | ♦ Nearly fourth-fifths of U.S. oil and gas production in the Gulf of Mexico remained offline more than 10 days after Hurricane Ida tore through Louisiana, as companies struggle to restart offshore platforms. | The Wall Street Journal | 09/09/2021 |  |
|  |  |  |  |  |
| Commodities Get Gummed Up  *The markets, a favorite inflation play, have unusual risks right now* | Commodities are a favorite play during periods of high inflation, but the market – particularly for metals like copper and steel – is undergoing some unusual contortions. Buyers should be aware that they are betting on Chinese climate policy and global trade bottlenecks as much as supply and demand.  Even given that commodities are notoriously volatile and speculative, the recent sharp divergence among industrial metals – whose prices typically move more or less together – has been striking. Steel is up sharply.  Beijing’s emissions efforts are supporting the price of aluminum – like steel, a metal whose production is one of most energy-intensive processes. Shipping bottlenecks are another factor. Last year, China became a net importer of aluminum for the first time since 2009…  Heavy-handed policy makers and shipping constraints are gumming up the market. The best strategy for most investors could be to wait until that extra grit has worked its way through. | The Wall Street Journal | 09/09/2021 | Nathaniel Taplin |
|  |  |  |  |  |
| Mandated IRAs Gain House Panel Approval | Democrats have included a provision in their $3.5 trillion healthcare, education and climate bill that would require companies without retirement plans to automatically enroll workers in individual retirement accounts.  Starting on Jan. 1, 2023, the provision would require employers to deduct at least 6% from workers’ paychecks… | The Wall Street Journal | 09/10/2021 | Anne Tergesen and Richard Rubin |
|  |  |  |  |  |
| Bullish Mood Wanes, Stocks Drop for Week | The S&P 500 index slumped to its worst weekly showing since February, with a broad pullback Friday highlighting investor concerns about a volatile fall ahead.  Stocks remain close to record highs but have retreated in September after steadily climbing for much of the summer. Many investors say they are closely watching the Federal Reserve’s plan to slow its bond purchases later this year as the central bank scales down the easy-money policies that helped drive the S&P 500 to more than 50 fresh highs this year.  After a blockbuster earnings season and speedy economic recovery this year, some analysts have said that the peak in economic growth may have passed.  Major indexes wavered for much of the trading session before turning lower late Friday. The S&P 500 dropped34.70 points, or 0.8%, to 4458.58, falling for the fifth consecutive session, its longest losing streak since February. The Dow Jones Industrial Average slid 271.66 points, or 0.8%, to 34607.72.  The technology-focused Nasdaq Composite dropped 132.76 points, or 0.9%, to 15115.49.  The S&P 500 and Dow fell 1.7% and 2.2%, respectively, for the week, their biggest such declines since June.  Concerns about slowing economic growth and the Delta variant have led to a recent outperformance in tech stocks, as investors have turned to companies they think will benefit if the broader economy slows…  Bank of America analysts said they expect the S&P 500 to fall to 4250 by year-end, a roughly 5% decline…  Meanwhile, the autumn months tend to be among the most volatile of the entire year, according to Dow Jones Market Data.  In the bond market, the yield on 10-year Treasury notes ticked up to 1.340% from 1.300% Thursday, concluding three consecutive weeks of gains. | The Wall Street Journal | 09/11-12/2021 | Joe Wallace and Gunjan Banerji |
|  |  |  |  |  |
| Fed Could Signal November Taper | Federal Reserve officials will seek to forge agreement at their coming meetings to begin scaling back their easy-money policies in November.  Under plans taking shape, officials could reduce those purchases at a pace that allows them to conclude asset buying by the middle of next year.  The Fed cut its short-term benchmark interest rate to near zero in March 2020 and has been buying $80 billion in Treasurys and $40 billion in mortgage-backed securities every month since June 2020 to provide additional stimulus to the economy. | The Wall Street Journal | 09/11-12/2021 | Nick Timiraos |
|  |  |  |  |  |
| Warnings Grow of Autumn Stock Pullback | Analysts at firms including Morgan Stanley, Citigroup Inc., Deutsche Bank AG and Bank of America Corp. published notes this month cautioning about current risks in the U.S. equity market.  Behind that cautious outlook, the researchers said, is a combination of things, including euphoric investment sentiment, extended valuations and anticipation that inflation and supply-claim disruptions will weigh on corporate margins.  In a Wednesday note, strategists at BofA Securities said they saw little to be excited about, asking, “What good news is left:”  In the note, Bank of America team led by Savita Subramanian, head of U.S. equity and quantitative strategy, moved its year-end target for the S&P price to 4250, a 4.7% reduction from the 4458.58 level at which the benchmark index closed Friday. For 2022, Bank of America set a 4600 price target for the end of the year.  Because yields on other assets such as bonds have been so low, many investors have justified their continuous bullish positioning in stocks.  Morgan Stanley strategists wrote that they w ere downgrading their rating on U.S. equities to “underweight,” saying they prefer stocks in Europe and Japan and view cash as increasingly attractive to hold.  “We expect an understandable level of eye-rolling as we move overweight cash, the Morgan Stanley team including Andrew Sheets wrote in the note…  Lauren Goodwin, an economist and portfolio strategist at New York Life Investments, said there has been more economic upside in Europe and Canada – two areas in which the firm has increased its investments.  Domestically, Ms. Goodwin said she believes the best days for some portions of the market are likely behind us. She said the investment firm expects some value and small-cap companies to continue to perform well.  This year, in particular, investors are entering the choppy period with uncertainty.  This months’ alarm bells from analysts aren’t the first to be sounded during the current bull market. Throughout 2021, wide-ranging market observers on Wall Street have raised concerns about signs of excess in the market, and investors have periodically braced for a pullback.  Still, U.S. stocks have largely kept rising, even in the midst of periodic stretches of declines. | The Wall Street Journal | 09/13/2021 | Caitlin McCabe |
|  |  |  |  |  |
| Fewer Shipping Options Add to Cargo Woes | A handful of big shipping players control the majority of containers via giant vessels, leaving the world with fewer routes, fewer smaller ships and fewer ports that could keep the flow of goods moving when the pandemic disrupted operations…  The top six container operators control more than 70% of all container capacity, according to maritime data provider Alphaliner. As businesses try to restock after the lifting of the Covid-19 restrictions, they are paying at least four times more to move their products compared with last year and face long delivery delays, industry executives say.  Among other factors driving the consolidation were a surge in Asian manufacturing and demands by cargo owners to keep transport costs under control.  The big liners also formed three global alliances that share ships… | The Wall Street Journal | 09/13/2021 | Costas Paris |
|  |  |  |  |  |
| What’s News | ♦ House Democrats spelled out their proposed tax increases, which would push higher rates on corporations, investors and high-income business owners as they try to piece together enough votes for legislation to expand the social safety net and combat climate change. | The Wall Street Journal | 09/14/2021 |  |
|  |  |  |  |  |
| European Energy Prices Surge | Natural gas and electricity markets were already surging in Europe when a fresh catalyst emerged: The wind in the stormy North Sea stopped blowing.  The sudden slowdown in wind-driven electricity production off the coast of the U.K. in recent weeks whipsawed through regional energy markets. Gas and coal-fired electricity plants were called in to make up the shortfall from wind.  The episode underscored the precarious state the region’s energy markets face heading into the long European winter. | The Wall Street Journal | 09/14/2021 | Joe Wallace |
|  |  |  |  |  |
| For Fed, Inflation Doesn’t Matter…for Now | What inflation is doing now is running fairly high. The Labor Department on Tuesday reported that its index of consumer prices rose a seasonally adjusted 0.3% in August from July, putting it 5.3% above its year-earlier level. Core prices, which exclude food and energy items in an effort to better capture inflation’s trend, were up 4% from a year earlier.  A separate Commerce Department measure of inflation that the Fed prefers tends to run a little cooler, but Tuesday’s report suggests it was well above the 2% the central bank is targeting.  Still, the August inflation rate at this point has little bearing on the Fed’s near-term plans. The central bank appears to have set a course toward beginning to taper its monthly bond purchases at its November meeting, ending them completely sometime in the middle of next year. | The Wall Street Journal | 09/15/2021 | Justin Lahart |
|  |  |  |  |  |
| What’s News | ♦ Inflation cooled slightly in August but remained strong, with the consumer-price index rising a seasonally adjusted 0.3%. | The Wall Street Journal | 09/15/2021 |  |
|  |  |  |  |  |
| Stocks Rebound Broadly, as Energy Companies Lead the Way | Stocks staged a rebound as investors tried to gauge the strength of the economic recovery.  The Dow Jones Industrial Average advanced 236.82 points, or 0.7%, to 34814.39. The Nasdaq Composite climbed 123.77, or 0.8%, to 15161.53.  Stocks have retreated this month, with some investors worried that markets are ripe for a pullback after marching higher for much of the year. The Dow is down more than 1.5% since the start of September, marking its worst first 10 trading days of a month since May 2020.  Some investors have also voiced concern that the economic rebound wouldn’t be as fast as they previously expected. The spread of the Delta variant of the coronavirus, an economic slowdown in China and supply-chain difficulties damped sentiment. | The Wall Street Journal | 09/16/2021 | Joe Wallace and Alexander Osipovich |
|  |  |  |  |  |
| What’s News | ♦ Manufacturers are facing the highest steel and aluminum prices in years, another hurdle for U.S. companies already struggling to make a range of products. | The Wall Street Journal | 09/16/2021 |  |
|  |  |  |  |  |
| What’s News | ♦ Growth across a range of Chinese economic indicators slowed sharply in August. | The Wall Street Journal | 09/16/2021 |  |
|  |  |  |  |  |
| Tax Bill Hands Firms Rate Boost, No Breaks | The proposal from House Democrats, released on Monday and wending its way through the chamber’s legislative process, would retain much of the corporate tax structure created four years ago while also raising taxes on a range of companies doing business in the U.S. and American corporations operating abroad.  The net effect: Corporate taxes would rise by about $1 trillion over 10 years, a congressional committee estimated. That is more than a 25% increase in projected corporate tax revenue, though some of it would be offset for companies that take advantage of renewable-energy tax breaks that the Democrats want to expand or create.  For the smallest or least profitable firms – those reporting annual profits of $400,000 or less to the Internal Revenue Service – the U.S. income-tax rate would fall to 18% under the House proposal.  Companies making up to $5 million a year would top out at the current rate of 21%. | The Wall Street Journal | 09/16/2021 | Theo Francis and Richard Rubin |
|  |  |  |  |  |
| Spending Revived In August For Gain Of 0.7%  *Trends show resilience despite Delta variant; jobless claims remain near a pandemic low* | Sales at the nation’s retailers rose 0.7% in August, rebounding from a drop in July…  Meanwhile, initial jobless claims – a proxy for layoffs – rose by 20,000 last week to 332,000 but remained near a pandemic low, the Labor Department said | The Wall Street Journal | 09/17/2021 | Josh Mitchell |
|  |  |  |  |  |
| Stocks Slip for the Week | U.S. stocks fell and bond yields rose as new data on consumer sentiment was slightly below expectations, raising fresh questions about the pace of economic growth and the inflation outlook.  The S&P 500 dropped 40.76 points, or 0.9%, to 4432.99, pushing the index into the red for the week. The Nasdaq Composite fell 137.96 points, also losing 0.9%, to 15043.97 and the Dow Jones Industrial Average declined 166.44 points, or 0.5%, to 34584.88.  For the week, the S&P 500 lost 0.6%, extending its losing streak to two weeks. While it is down only 2.3% over that stretch, it represents the largest two-week percentage decline since the week ended Feb. 26, according to Dow Jones Market Data.  The Nasdaq dropped 0.5% on the week, and the Dow slipped 0.1%.  Meanwhile, in the morning the U.S. 10-year Treasury note’s yield rose as high as 1.380% - nearly a two-month high…  The moves in stocks and bonds show investors grappling with mixed economic data in both the U.S. and China, the spread of the Covid-10 Delta variant and concerns about inflation. This week brought the first sign of inflation easing and an unexpected boost to retail sales, but also a slight rise in Americans applying for initial jobless claims, a proxy for layoffs. | The Wall Street Journal | 09/18-19/2021 | Anna Hirtenstein and Paul Vigna |
|  |  |  |  |  |
| ACA Sign-Up Period Extended Into 2022 | The annual open-enrollment period on the federal exchange, HealthCare.gov, will run from Nov. 1 through Jan. 15, 2022…  “The rule extends the annual individual market Open Enrollment Period for 2022 and future benefit years to allow consumers more time to review plan choices, seek in-person assistance, and enroll in a plan that best meets their needs,” CMS said in a statement.  State-run exchanges will be able to set their own annual open-enrollment period end dates, so long as those dates fall on or after Dec. 15, 2021. | The Wall Street Journal | 09/18-19/2021 | Stephanie Armour |
|  |  |  |  |  |
| Democrats Seek New Capital-Gains Track | Entrenched opposition from some Democrats to a White House plan to tax unrealized capital gains at death has pushed the party to look for alternative methods of collecting additional taxes from wealthy Americans’ appreciating assets.  Under the current tax rule known as the tax-free step-up in basis, someone who dies doesn’t have to pay any taxes on those increases, and the heirs have to pay taxes only when they sell and only on gains that occur after the original owner’s death.  The House ways and Means Committee this w eek didn’t propose any changes to the stepped-up basis as part of its roughly $2 trillion package of tax increases, instead opting for only a rate increase.  While the House Way and Means Committee’s plan didn’t change how unrealized gains are taxed at death, it did propose increasing the top long-term capital-gains rate to 25% from 20%. Combined with an existing 3.8% investment income tax and a proposed 3-percentage-point surtax on people making more than $5 million, the new top rate on capital gains could be as high as 31.8%. | The Wall Street Journal | 09/18-19/2021 | Andrew Duehren |
|  |  |  |  |  |
| Rising Gas Prices Stir Supply Fears | A surge in natural-gas prices is prompting concerns about winter shortages and forecasts for the most expensive fuel since frackers flooded the market more than a decade ago.  Stocks have already gotten a lift from $5 gas. Energy has been the best performing sector in the S&P 500 stock index in September and one of only two that are up this month. | The Wall Street Journal | 09/20/2021 | Ryan Dezember |
|  |  |  |  |  |
| China Curbs Hit a Big Developer  *Looming collapse of Evergrande and its ripple effect pose a test for Beijing* | In a risky race against time that ran for two decades, China Evergrande Group turned billions of dollars in borrowed money into the dream of home-ownership for millions of Chinese citizens.  The looming collapse is a microcosm of China’s overheated housing market, in which prices have been climbing for years. Evergrande’s problems – and their ripple effects on the economy and social stability – are the biggest test of Beijing’s rejuvenated campaign to end debt-fueled speculation… | The Wall Street Journal | 09/20/2021 | Xie Yu and Elaine Yu |
|  |  |  |  |  |
| Junk-Debt Sales Soar Toward Record Year | The $3 trillion market for low-rated companies’ debt is having its best year ever, powered by a rebounding economy and investors’ demand for any extra yield.  The record issuance marks a notable rebound from March 202, when investors’ worries about widespread bankruptcies and defaults sent prices for low-rated debt slumping,  In the junk-bond market along, U.S. companies have issued more than $361 billion of bonds with speculative-grade credit ratings… | The Wall Street Journal | 09/20/2021 | Sebastian Pellejero |
|  |  |  |  |  |
| Investors Should Hope to Stay Lucky on Inflation | “Sticky” prices, which are changed less frequently than others and so seen by economists as a better guide to corporate views of future inflation, rose less. The Federal Reserve Bank of Atlanta’s measure of sticky prices as up 2.6% annualized in August, down from above 5% in April.  The deep problem for investors is to tell apart inflation due to temporary effects on particular sectors and inflation due to easy monetary policy and government support. | The Wall Street Journal | 09/20/2021 | James Mackintosh |
|  |  |  |  |  |
| Stocks Record Biggest Slump Since Spring | Worries about spreading troubles from China’s property market snapped an extended streak of calm in stock indexes and sent the S&P 500 to its worst day since May.  The growing concerns over property developer China Evergrande Group, which has the biggest debt burden of any publicly traded real-estate management or development company in the world, triggered a rush Monday out of riskier assets like stocks, oil and bitcoin, and into safer ones. The Dow Jones Industrial Average dropped 614.41 points, or 1.8%, to 33970.47, dragged down by shares of Caterpillar Inc. and financial heavyweights like Goldman Sachs Group Inc.  The S&P 500 dropped 1.7%, and the technology-focused Nasdaq Composite Index fell 2.2%, after being down more than 3% earlier Monday afternoon.  The declines were broad, with all 11 S&P 500 sectors recording declines, and only five stocks in the entire index – four of them airlines – eked out a gain of more than 1%. | The Wall Street Journal | 09/21/2021 | Gunjan Banerji and Elaine Yu |
|  |  |  |  |  |
| Infrastructure Plan Faces New Peril  *Deep divisions among Democrats over size of spending package hinders Biden agenda* | Persistent divisions among Democrats over the size of their climate and social-welfare plan are threatening to derail much of President Biden’s agenda, as progressives signal that they could block passage of a roughly $1 trillion infrastructure package next week. | The Wall Street Journal | 09/22/2021 | Andrew Duehren and Kristina Peterson |
|  |  |  |  |  |
| Dow, S&P Stumble Again, but Nasdaq Gains | Markets began the week on a tumultuous note. Worries about China Evergrande Group, which has the biggest debt burden of any publicly traded real-estate management or development company in the world, prompted a rush out of relatively risky assets like stocks and commodities.  Oil prices climbed, as did shares of energy companies.  The Dow Jones Industrial Average fell 50.63 points, or 0.1%, to 33919.84, giving up earlier gains. The S&P 500 retreated 3.54 points, or 0.1%, to 4354.19, but the Nasdaq Composite advanced 32.49 points, or 0.2%, to 14746.40. | The Wall Street Journal | 09/22/2021 | Xie Yu, Akane Otani and Will Horner |
|  |  |  |  |  |
| What China Must Do to Contain Evergrande Fallout | China’s second-largest real-estate developer by revenue – with liabilities equal to around 2% of the country’s gross domestic product – is in danger of going under.  Evergrande’s woes are a direct result of a new, steely-eyed policy forcing developers to meet tough metrics on debt instituted last year.  Evergrande’s offshore bonds are trading at deeply distressed levels.  The real problem isn’t Evergrande’s bit creditors but the small ones and the damage to already weak real-estate sentiment. | The Wall Street Journal | 09/22/2021 | Nathaniel Taplin and Jacky Wong |
|  |  |  |  |  |
| Beijing’s Policies Heighten Risks for Economy  *Tighter regulation of property developers, other private firms, has weighed on growth* | U.S. stocks finished mixed on Tuesday, following a slump on Monday marking the worst one-day pullback of the S&P 500 and the Nasdaq Composite since May over fears about China’s property sector…  Bank of America cut on Tuesday its forecast for China’s gross-domestic-product growth to 8% this year and 5.3% in 2022, down from 8.3% and 6.2% previously, citing reasons including tightened credit conditions and the risk that Beijing could mishandle the problems at Evergrande.  The regulatory clampdowns are gathering momentum at a time when China’s growth appeared to be losing steam. Consumer spending faltered in August, growing 2.5% from a year earlier as efforts to contain the Delta variant outbreaks hurt services industries. Higher commodity and raw-materials prices have squeezed manufacturers’ profits, damping their appetite for investment.  The problems that Chinese regulators are trying to address, including heavy debt loads and monopolistic behavior, as well as reining in carbon emissions, must be dealt with eventually, economists said, and many of the measures are popular.  Another concern is that by choking off bank loans to some developers, more are under pressure to sell properties at deep discounts to boost liquidity, which could cause home prices in some places to enter a downward spiral. If that occurs on a broader scale, it risks stirring social unrest as Chinese families see their wealth shrink.  “Investors are asking whether China’s policy shift could lead to a decline in economic efficiency? Would it be interpreted as rebalancing the share of the economy in favor of workers at the expense of business owners?” said Robin Xing, chief China economist at Morgan Stanley in Hong Kong. | The Wall Street Journal | 09/22/2021 | Stella Yifan-Xie |
|  |  |  |  |  |
| General Mills Says Costs Keep Rising | The maker of Cheerios cereal and Betty Crocker cake mix is facing hundreds of disruptions across its operations, ranging from pricier raw ingredients to a shortage of truck drivers, which executives said will push up prices for supermarket customers over the months ahead.  Higher costs and logistical problems are squeezing General Mills and other U.S. food companies, prompting them to cut their own costs and swelling consumers’ shopping bills. | The Wall Street Journal | 09/23/2021 | Jesse Newman and Dave Sebastian |
|  |  |  |  |  |
| Stocks Jump as Fed Signals Shift | Stocks staged a comeback from their September rout after the Federal Reserve signaled that it could begin to reduce its bond purchases soon and raise interest rates as early as next year.  The blue-ship index finished up 338.48 points, or 1%, to 34258.32. The S&P 500 added 41.45 points, or 1%, to 4395.64. The Nasdaq Composite jumped 150.45 points, or 1%, to 14896.85.  The Fed’s stimulus programs have been credited for helping keep the stock market churning higher, which has pushed the S&P 500 to 54 records this year.  For much of this month, U.S. stocks have edged lower. This week, Evergrande became a largely unexpected catalyst that sent stocks sliding.  The yield on the benchmark 10-year U.S. Treasury note settled at 1.332%, according to Tradeweb, up from 1.306%...  Futures for Brent crude, the benchmark in international energy markets, rose 2.5% to $76.19 a barrel. | The Wall Street Journal | 09/23/2021 | Caitlin McCabe and Caitlin Ostroff |
|  |  |  |  |  |
| Fed’s Intentions on Rates Remain Muddled | …Fed Chairman Jerome Powell again emphasized that the decision to wind down asset purchases and the decision to raise rates are separate.  Yet updated projections the Fed released Wednesday showed that nine of 18 officials expect to raise interest rates by the end of next year…  Many economists view Mr. Powell and other key members of the Fed’s leadership group as more hesitant to raise rates, and, unlike most regional Federal Reserve Bank presidents, they always get a vote.  The biggest thing the Fed has in its favor on its rate decision, for now at least, is time. It is hard to know what the economy will look like in the middle of next year – to what degree the pandemic will still be with us, whether supply chain problems have been resolved, and how fast wages will be rising. | The Wall Street Journal | 09/23/2021 | Justin Lahart |
|  |  |  |  |  |
| Fed Prepares To Pull Back On Stimulus | The Federal Reserve signaled it was ready to start reversing its pandemic stimulus programs in November and could raise interest rates next year amid risks of a lengthier-than-anticipated jump in inflation.  Major U.S. indexes soared to intraday highs following the central bank’s statement, with the Dow Jones Industrial Average adding as much as 520.58 points at its peak. | The Wall Street Journal | 09/23/2021 | Nick Timiraos |
|  |  |  |  |  |
| What’s News | ♦ Yields on all but the longest-term U.S. government bonds edged higher after the Fed meeting. | The Wall Street Journal | 09/23/2021 |  |
|  |  |  |  |  |
| Investors traveling over a bumpy road  *Experts say don’t worry yet, stocks poised to climb again* | Financial markets are suddenly turbulent again.  Following a brief but devastating crash in March 2020, stocks and other investments had glided ever higher and touched new records, seemingly impervious to an endless stream of bad news about COVID-19 and a historic wave of unemployment during the pandemic fueled recession.  At one point on Monday, the blue-chip Dow Jones industrial average dropped by as many as 972 points before closing down 614 points.  While there are whispers of a Lehman Brothers like crisis brewing overseas, most financial experts said those troubles appear contained.  Worries about debt-engorged Chinese property developers – and the damage they could do to investors worldwide if they default – have rippled across global markets.  A rise in interest rates has implications for the stock market and could make shares of companies with relatively high prices less attractive. Those types of stocks tend to be technology companies that are priced typically for growth and not for a steady return of dividends like consumer staples, utilities and real estate companies.  In addition to Fed fears, the COVID-19 pandemic continues to weigh on the global economy.  The stock market typically sees about three 5%-plus falls a year on average. That makes the market more vulnerable in the near term following some signs of investor complacency, analysts say.  On Wednesday, the S&P 500 was just over 3% below its record high set on Sept. 2. Both the Dow and the Nasdaq were within 4% from their respective all-time highs.  Last week, analysts at Goldman Sachs forecast that the S&P 500 would end 2021 at 4,700, or a nearly 8% rise from Tuesday’s close. And the market is expected to continue to grind higher next year. The bank expects the S&P 500 will end at 4,900 in 2022. | USA Today | 09/23/2021 | Jessica Menton |
|  |  |  |  |  |
|  |  |  |  |  |
| Evergrande Is Only Latest in a Chain of Chinese Debt Crises  Consequences for t he country’s economy may not be clear yet, but recent history may offer a guide | Now, as China Evergrande Group – one of China’s top home builders, with around $300 billion in liabilities – teeters, many are wondering if China’s economy or financial system will tip over too.  The leadership’s struggle to control debt has an element of circularity: rules are over-tightened, creating collateral damage and sowing the seeds of new financial problems, and then eventually loosened.  That may again be the case with Evergrande, but the unusual political situation in China – with a very strong central government inf the hands of a leader who appears to be planning for an extended stay at the helm…  If Evergrande’s troubles begin to further hit the broader economy and real-estate market, bonds issued by stronger developers, and corporate bonds issued by local government financing vehicles, could also come under pressure. | The Wall Street Journal | 09/24/2021 | Nathaniel Taplin |
|  |  |  |  |  |
| Climate Bets Lift Commodities | Investors are ramping up wagers that a global push to lower carbon emissions will hamper commodity production, pushing up prices for everything from natural gas to aluminum.  Bets on supply disruptions and recovering demand are already increasing raw-materials costs for consumers and companies and fueling investor anxiety about climbing inflation.  Following recent price gains, an index of commodities is now on pace for its largest annual percentage advance on record in data going back three decades, according to FactSet. | The Wall Street Journal | 09/24/2021 | Amrith Ramkumar |
|  |  |  |  |  |
| Stocks Jump as Investors Turn Hopeful Over Growth | The Dow Jones Industrial Average broke out of its September slump with its biggest two-day rally in more than six months, lifted by investors’ growing confidence the economy can withstand the end of pandemic stimulus measures and troubles in Chinese property markets.  After a steep decline fueled by worries about the collapse of property giant China Evergrande Group that began the week, shares stabilized…  “the patient, the U.S. economy, is no longer in the emergency room and needing life support,” said Timothy Horan, chief investment officer of fixed income at Chilton Trust. | The Wall Street Journal | 09/24/2021 | Hardika Singh and Joe Wallace |
|  |  |  |  |  |
| Fed Sees ‘Transitory’ Inflation Enduring | All year the Federal Reserve’s message on inflation has been consistent: This year’s surge is transitory, and inflation will soon return, close to the central bank’s 2% target.  Yet look more closely and it is clear officials are turning less sanguine – and that explains growing eagerness to start raising interest rates.  The message from the Fed’s latest projections is that “transitory” is leaving an awfully long time. Indeed, next year’s projected 2.3% is the highest next-year core inflation forecast since projections were first published in 2007, according to Derek Tang of Monetary Policy Analytics.  This might explain why the Fed is accelerating plans to raise interest rates.  A 2.3% inflation rate isn’t a big deal. Indeed, it would conform pretty closely to the Fed’s new goal of letting inflation run above 2% for a while to compensate for the many years it ran below 2%.  Yet if officials are wrong, they are likely to have proved too low in their forecasts.  If the Fed is more worried about inflation, investors aren’t. Long-term bond yields dropped a bit Wednesday… | The Wall Street Journal | 09/24/2021 | Greg Ip |
|  |  |  |  |  |
| What’s News | ♦ China’s central bank said that all cryptocurrency related transactions are illegal, reinforcing the country’s tough stance against digital rivals to government-issued money. | The Wall Street Journal | 09/25-26/2021 |  |
|  |  |  |  |  |
| What’s News | ♦ OPEC forecast its share of the crude market will rise to 39% by 2045 from about 33% now, as output by other big producers ebbs. | The Wall Street Journal | 09/29/2021 |  |
|  |  |  |  |  |
| Stocks Dive as Bond Yields Draw Technology Investors | Stocks sank Tuesday, logging their sharpest pullback since May, as rising bond yields deepened a rout of technology company shares.  …the Federal Reserve signaled last week that it could start to reverse its pandemic stimulus programs as soon as November and raise interest rates sometime next year.  That appears to have prompted an unwinding of some of the market’s most enduring trades – pushing Treasury yields to their highest level in months and sending investors out of popular technology stocks.  Inflation has made a surprising comeback this year, something some worry will start to cut into companies’ profit margins.  The S&P 500 fell 90.48 points, or 2%, to 4352.63, marking its second straight day of losses and worst one-day percentage decline since May. The tech-heavy Nasdaq composite Index slid 423.29 points, or 2.8%, to 14546.68, while the Dow Jones Industrial Average shed 569.39 points, or 1.6%, to 34299.99.  All three major indexes are on course to end the month lower. | The Wall Street Journal | 09/29/2021 | Akane Otani and Will Horner |
|  |  |  |  |  |
| Investors Still Have No Alternative  *Easy money might stay whether we get a consumer boom or ‘stagflation’* | Investors seem ready to move on from the “there is no alternative” mind-set that has guided their decisions since the 2008 crisis. But TINA may be harder to quit than they think.  September has been a very bad month for equities: The S&P 500 has so far lost 3.6%, putting it on course for the worst monthly performance since September last year.  Money has flowed out of technology stocks and other “growth” sectors and into “cyclical” ones….  Yes, shortages can keep inflation elevated for a while, but this alone won’t bind officials’ hands: As long as pay increases don’t start feeding powerfully into inflation, they will find sound arguments to keep rates low. | The Wall Street Journal | 09/30/2021 | Jon Sindreu |
|  |  |  |  |  |
| S&P Recovers Some Lost Ground | The S&P 500 rose Wednesday, clawing back some of its losses from the prior day’s rout as traders scooped up discounted shares.  Major indexes fluctuated during a choppy trading session as bond yields appeared to stabilize before resuming their upward march.  The S&P 500 added 6.83 points, or 0.2%, to 4359.46, after dropping 2% Tuesday in its worst one-day performance since May. The Dow Jones Industrial Average advanced 90.72 points, or 0.3%, to 34390.72. the tech-heavy Nasdaq composite, meanwhile, slipped 34.24 points, or 0.2%, to 14512.44.  Closely watched bond yields continued to rise. The yield on the benchmark 10-year U.S. Treasury note rose for a seventh consecutive trading day, climbing to 1.540% - its highest close since June – from 1.534% Tuesday. | The Wall Street Journal | 09/30/2021 | Frances Yoon, Anna Hirtenstein and Karen Langley |

Twenty percent of Americans believe that it is “definitely true” or “probably true” that the government is using the Covid-19 vaccine to microchip the population. *The Miami Herald, July 10, 2021.*

The material has been prepared or distributed solely for information purposes and is not a solicitation or an offer to buy any security or instrument or to participate in any trading strategy. This material contains information from sources believed to be reliable, however, the accuracy and completeness of the information is not guaranteed.

Any opinions and forecasts expressed in this material are those as of October 2021 and are subject to change at any time, based on market and other conditions.  There is no guarantee that the current market will yield the same results as those in the past. The investment return and principal value of securities will fluctuate and may be worth more or less than original cost when sold.  Diversification does not assure or guarantee better performance and cannot eliminate the risk of investment losses.

Market Indexes are commonly accepted benchmarks for certain classes of securities.  Market indexes are comprised of individual stocks or bonds which are not actively managed and cannot be purchased directly by investors.

Because investors’ situations and objectives vary, this material is not intended to indicate suitability for any particular investor.

Investments are not FDIC-insured, nor are they deposits of or guaranteed by a bank or any other entity.

We believe the sources to be reliable, however, the accuracy and completeness of the information is not guaranteed. In the event of any discrepancy, the sponsor’s valuation shall prevail.

Securities and advisory services offered through Independent Financial Group LLC, a registered broker-dealer and investment advisor, Member FINRA/SIPC. (OSJ: 12671 High Bluff Dr. Ste. 200, San Diego, CA 92130) Independent Financial Group LLC and Juengling & Associates are independently owned and operated.

Prepared by James M. Juengling.

Juengling & Associates