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| **RESOURCE LOG – OCTOBER 2021** | | | | |
| **Article Title** | **Detail** | **Publication** | **Date** | **Author** |
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| Car Companies buckle Up for Extended Chip Shortage | The global chip shortage has slammed the auto sector this year, cutting factory output by several million vehicles and erasing billions in revenue for car companies.  Now, there is an emerging view that the chip shortage has morphed from a short-term crisis into a structural upheaval for the automotive supply chain that could take years to fully overcome.  …Phil Amsrud, a senior analyst at research firm HIS Markit who specializes in the automotive-semiconductor market.  Even for companies that are looking to expand capacity, lead times for some manufacturing equipment needed to boost output can stretch nine months, he said.  That holdup is the main reason HIS recently slashed its forecast for global vehicle output in 2022, cutting it by about 8.5 million vehicles from its previous outlook, for a total of 82.6 million. The company blames this year’s production losses from supply-chain disruptions, primarily the chip shortage, at about 10.6 million vehicles.  Consulting firm AlixPartners LLP estimates the chip shortage will cost the industry $210 billion in revenue this year, nearly double its forecast from May. | The Wall Street Journal | 09/30/2021 | Mike Colias |
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| Bitcoin Stalls As U.S., China Go After Cryptocurrencies | Bitcoin came under one of the most intense regulatory crackdowns in its brief history during the third quarter, choking off attempts by traders to lift the digital currency out of its steep spring selloff.  In the U.S., agencies like the Securities and Exchange commission have promised a crackdown on the sector.  And powerful U.S. Sen. Elizabeth Warren (D., Mass.) has emerged in Congress as a vocal critic of cryptocurrencies.  China went further. The country banned bitcoin and cryptocurrencies, Bitcoin “miners”, companies largely located in China that operate the computers that actually run the network, were forced to leave the country. Online exchanges catering to Chinese citizens that had moved offshore after prior bans have stopped or soon will stop accepting new customers from China.  All of this had an effect on bitcoin’s price.  While the regulatory crackdown is an immediate factor affecting prices, the quarter’s action also appeared to fit within bitcoin’s distinct boom-bust cycles.  What drives these phases in crypto, he said is the adoption rate. | The Wall Street Journal | 10/01/2021 | Paul Vigna |
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| Investors Expect Correction in Bonds | In the waning days of the third quarter, yields on U.S. government bonds shot higher. That might be taken as an encouraging sign about the prospects for the economy because yields, which rise when bond prices fall, generally tend to climb with forecasts for growth and inflation.  The reason that yields rise matters because it can influence how investors respond in other markets.  After reaching a pandemic high of 1.749% on March 31, the 10-year yield dropped as low as 1.173% on Aug. 2 and remained safely below 1.4% until the end of last week.  The Fed on Sept. 22 signaled that it would likely start scaling back its purchases of Treasurys and mortgage-backed securities as soon a November. Officials also indicated that they could raise short-term interest rates sooner and faster than they had previously expected.  The Next day, though, investors began dumping Treasurys, bringing the 10-year yield back above 1.5%, with the yield settling at 1.528% on Thursday. | The Wall Street Journal | 10/01/2021 | Sam Goldfarb |
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| Stocks End Quarter in Turmoil, Worst Month since March ‘20 | Stocks pulled back from all-time highs. Shares of large, fast-growing companies had their worst month since the pandemic-fueled selloff of March 2020, and Treasury yields are around their highest level since June.  The economically sensitive Dow Jones Industrial Average fell 546.80 points, or 1.6%, to 33843.92, weighed down by losses in companies ranging from machinery giant Caterpillar to home-improvement retailer Home Depot.  The S&P 500 lost 51.92 points, or 1.2%, to 4307.54. The Nasdaq composite edged down 63.86 points, or 0.4%, to 14448.58.  Strategists who had predicted another strong quarter of economic growth are cutting estimates because of supply-chain bottlenecks and the highly contagious Delta variant of Covid-19.  All told, the S&P 500 is still up 15% for the year and managed to squeeze out a sixth straight quarter of gains.  But the stock market also had its worst month since March 2020, with the S&P 500 falling 4.8%.  Technology stocks surged but then took the brunt of market selloffs in early September and this week – sending the S&P 500 Growth Index to its biggest monthly pullback since March 2020.  The bond market also caught many investors off guard. The yield on the 10-year U.S. Treasury note flitted about a narrow range for much of the quarter, only to stage a six-day rise above 1.50% between last week and Tuesday – its biggest such advance since June 2020…  Another issue weighing on investors’ minds: inflation.  Between June and September, 224 S&P 500 companies mentioned inflation on their second-quarter earnings calls according to FactSet.  Investors are left grappling with one big question: How much of that has already been priced into markets? | The Wall Street Journal | 10/01/2021 | Akane Otani |
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| Fed Chief Keeps a Wary Eye on Inflation | Federal Reserve Chairman Jerome Powell told lawmakers that the central bank still expects a recent spell of high inflation to reverse but said it was difficult to pinpoint when that might happen.  “We have an expectation that high inflation will abate, because we think the factors that are causing it are temporary and tied to the pandemic and the reopening of the economy,” he said. “These aren’t things that we can control.”  Inflation is well above the Fed’s 2% target, and the economy is “far away, we think, from full employment,” Mr. Powell said. “That’s the very difficult situation we find ourselves in.” | The Wall Street Journal | 10/01/2021 | Kate Davidson and Nick Timiraos |
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| What’s News | ♦ Consumer spending in the U.S. picked up in August, a sign that the economic recovery is gaining steam heading into the fall. | The Wall Street Journal | 10/02-03/2021 |  |
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| What’s News | ♦ The Biden administration is considering ways to impose bank-like regulations on the cryptocurrency companies that issue stablecoins. | The Wall Street Journal | 10/02-03/2021 |  |
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| What’s News | ♦ Consumer prices in the eurozone rose at the fastest pace in 13 years during September. | The Wall Street Journal | 10/02-03/2021 |  |
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| Toyota Outsells GM Again | Other car companies are also feeling the impact of the parts shortage, and the U.S. auto industry, as a whole, is expected to report its first quarterly sales decline for the year when final sales are tallied.  The computer-chip shortage, which has stifled auto production throughout the globe, is not starting to have a bigger impact on U.S. sales as the parts crisis continues to dent factory output and leave selling lots with little to no stock.  Many in the car business expect the challenges to persist well into next year as new supply-chain bottlenecks emerge in Southeast Asia and other parts of the semiconductor industry, dealers, analysts and auto executives say. | The Wall Street Journal | 10/02-03/2021 | Nora Naughton |
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| Market Is Right to Be Spooked by Rising Bond Yields | No one likes losing money, but Tuesday’s stock-price fall worries me more than the headline of a 2% fall in the S&P 500 should. In itself, 2% is no biggie: Three days this year had bigger falls, and on average we have had seven worst days a year since 1964.  What bothers me is that the rise in bond yields that triggered the fall was quite small and there could easily be a lot more to come. The 10-year Treasury yield rose 0.05 percentage points, baking it above 1.5%, and the 30 year rose slightly more to just above 2%. Yield need to rise four times as much just to get back to where they were in March.  But central banks shifted stance from super-easy for pretty much forever to start talking about tightening.  This time, stocks are reacting as they do when yields rise due to a central-bank hawkish shift. Tech, other growth stocks and quality suffered the most, a s their high valuations make them reliant on projected earnings far in the future; higher yields make these future earnings less attractive compared with owning super safe bonds. But without the prospect of higher economic growth to boost earnings, cheap value and cyclical stocks fell when yields rose, albeit by less than growth and quality.  If the economy reacts badly to higher yields, though, the Fed and Bank of England might well shift back to uber-dovishness.  Given tech’s outsize share of the overall market, investors in the S&P 500 need to be convinced that if bond yields are going to keep rising, it will be for the good reason of an accelerating economy, not the bad reason of sticky inflation pushing central banks to act. | The Wall Street Journal | 10/04/2021 | James Mackintosh |
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| Evergrande Pressures an Overheated Bubble | China Evergrande Group last month missed a scheduled interest payment to overseas bondholders, raising the prospect that October could bring one of the largest defaults in years.  Investors are grappling with unknowns including what the Chinese government might do in response.  At the same time, few analysts expect good news for the foreign owners of the company’s dollar bonds.  The sale of Evergrande’s ambitions was staggering.  The company’s borrowings include nearly $20 billion in dollar-denominated bonds. | The Wall Street Journal | 10/04/2021 | Peter Santilli |
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| Tech Selloff Sinks Stocks Indexes  *Facebook shares fall 4.9% on outages at several units; Alphabet, Amazon also decline* | The S&P 500 dropped 56.58 points, or 1.3%, to 4300.46. The broad index closed last week down 2.2%. The tech-heavy Nasdaq Composite Index declined 311.21 points, or 2.1%, to 14255.48. The Dow Jones Industrial Average lost 323.54 points, or 0.9%, to 34002.92. | The Wall Street Journal | 10/05/2021 | Anna Hirtenstein and Gunjan Banerji |
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| Oil Soars As OPEC Stocks to Output Decision | OPEC and a Russia-led group of oil producers agreed to continue increasing production in measured steps, delegates said Monday, deciding against opening the taps more widely, and driving U.S. crude prices to their highest levels since 2014.  West Texas Intermediate, the main U.S. oil price, rose 2.3% to close at $77.62 a barrel. Brent, the international gauge, added 2.5% to end at $81.26, its highest settling price in three years. Climbing oil prices recently had analysts and economists expecting OPEC and its Russia-led allies to lift production more significantly. | The Wall Street Journal | 10/05/2021 | Benoit Faucon and Summer Said |
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| Indexes Signal Inflation Pressures Are Spreading | That is the message from a number of alternative inflation measures that strip away prices changes due to idiosyncratic swings in supply and demand, and home in on longer-lasting pressures. These alternative indexes are signaling “inflation is not as extreme as what the headline or traditional core shows right now, but it is picking up,” said Sarah House, director and senior economist at Wells Fargo.  Some economists interpret this as inflation returning to levels consistent with a healthy economy…  Inflation as measured by the Labor Department’s consumer-price index was 5.3% in the 12 months through August, close to the highest in 12 years. | The Wall Street Journal | 10/05/2021 | Gwynn Guilford |
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| What’s News | ♦ The Biden administration began defining its China trade policy, saying it aims to launch new talks with Beijing but will keep existing tariffs in place, while also restoring the ability of U.S. importers to seek exemptions from those levies. | The Wall Street Journal | 10/05/2021 |  |
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| What’s News | ♦ The U.S. trade deficit widened to a record in August as American consumers continued to show a strong appetite for imported foods such as pharmaceutical products, toys and clothing. | The Wall Street Journal | 10/06/2021 |  |
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| China’s Unstable Political Economy | The world has been watching as the Chinese real-estate giant Evergrande flails, and some have been asking whether Beijing will soon have a moment akin to 2008’s collapse of Lehman Brothers in America. Xi Jinping may manage to prevent the burst of the real estate bubble, but China’s economy isn’t heading for more-sustainable growth. Evergrande’s woes are a reminder that China’s political economy under Mr. Xi has become even more unstable.  In short, the determinants of liquidity in the Chinese system are political, not commercial – and the Chinese communist Party has the tactical wherewithal to avoid a Lehman Brothers moment.  Any permanent slowing of credit and restrictive lending policies will mean that even more state-owned enterprises and property developers will struggle to meet their debt obligations, putting more firms in the Evergrande predicament.  Mr. Xi is determined to tighten his hold on economic power, to the country’s detriment. He is also impatient to challenge American pre-eminence. | The Wall Street Journal | 10/07/2021 | John Lee |
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| What’s News | ♦ Putin said Moscow was ready to work on stabilizing the energy market, causing a sudden reversal in natural-gas prices, which had earlier soared to record levels. | The Wall Street Journal | 10/07/2021 |  |
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| What’s News | ♦ A global agreement to set a minimum 15% corporate tax rate cleared its last major hurdle after Ireland, a low-tax country that is the European headquarters for some of the largest U.S. tech companies, said it would join the overhaul effort. | The Wall Street Journal | 10/08/2021 |  |
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| Natural-Gas Shortage Sets Off a Scramble | Natural-gas stocks are alarmingly low around the world, and prices in most places have never been higher after surging to records in Europe and Saia this week. Demand has jumped as economies have bounced back from pandemic shutdowns, and the squeeze has caught traders, shipowners and energy executives off guard. | The Wall Street Journal | 10/08/2021 | Joe Wallace, Collin Eaton and Benoit Faucon |
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| Stocks Rise After Accord On Debt Limit | Stocks rallied following Mr. Schumer’s remarks from the Senate floor before closing below their session highs. While the Senate must still vote on the deal, investors appeared ready to remove the debt ceiling as an obstacle to further gains.  Shares of technology companies, energy firms and others rose. | The Wall Street Journal | 10/08/2021 | Caitlin Ostroff and Michael Wursthorn |
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| Brazil Returns to Double-Digit Inflation for First Time in Years | Brazil has become the latest country to emerge from the worst of the pandemic only to face its highest inflation rate in years.  Prices rose in September at the fastest pace for the month since 1994, while the 12-month figure reached 10.25%, returning Brazil to double-digit inflation for the first time in more than five years…  Inflation has broader political implications in Brazil, where other generations are still haunted by the memory of punishing hyperinflation in the 1980s and 1990s. | The Wall Street Journal | 10/09-10/2021 | Samantha Pearson and Jeffrey T. Lewis |
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| Job Gains Hit Slowest Pace of Year | The economy created 194,000 jobs in September, the smallest gain since December 2020 and down from 366,000 jobs added in August, the Labor Department said Friday.  Many workers gave up the job search and exited from the labor force last month, the data showed. The smaller pool of labor meant that despite the slowdown in hiring, the unemployment rate fell to 4.8% last month from 5.2% in August.  The economy is in an unusual position: Demand is strong. Households are flush with cash and have increased spending briskly this year on goods and services. But businesses are struggling to find workers to serve them, part of a broader supply squeeze the is being felt in the U.S. and globally.  U.S. stocks reacted little to the report, with the Dow Jones Industrial Average slipping 8.69 points and the S&P 500 edging down by 8.42 points. | The Wall Street Journal | 10/09-10/2021 | Josh Mitchell |
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| Stocks See Biggest Lift For a Week Since June | The Dow Jones Industrial Average hovered around the flatline Friday but finished a volatile week with its strongest gains since June.  Volatility has returned to markets in recent sessions, with both the S&P 500 and Nasdaq composite recording back-to-back swings of at least 1% and other assets from bonds to commodities recording large moves.  The yield on the 10-year Treasury note umped above 1.6% in trading Friday, continuing a recent rise that has triggered turbulence across markets. Oil prices jumped to a seven-year high this week, while cotton prices have been trading at their highest levels in about a decade. Bitcoin prices have been rallying again, hovering around $54,000 on Friday.  On Friday, the Dow slipped 8.69 points, or less than 0.1%, to 34746.25. The S&P 500 edged lower 8.42 points, or 0.2%, to 4391.31. The Nasdaq composite fell 74.48 points, or 0.5%, to 14579.54. | The Wall Street Journal | 10/09-10/2021 | Gunjan Banerji and Anna Hirtenstein |
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| Energy Prices Pose threat to Economy | Crude oil has risen 64% this year to a seven-year high. Natural-gas prices have roughly doubled over the past six months to a seven-year high. Heating oil has risen 68% this year. Prices at the pump are up nearly a dollar over the past 12 months to a national average just over $3 a gallon. Coal prices are at records.  Higher energy prices could push up inflation in coming months, damp consumer spending on other products and services, and ultimately slow the U.S. recovery, economists say.  The higher prices are being driven by rising demand and tight supplies.  Oil supplies are tight because oil-exporting countries have decided to increase production in measured steps instead of opening the taps more widely.  Natural-gas supplies are running low after a freeze in Texas earlier this year drove up demand and Hurricane Ida forced nearly all of the Gulf of Mexico’s gas output offline, along with higher demand from Europe where inventories have dropped due to hot weather, lackluster wind-power generation and lower imports from Russia.  Energy prices are volatile even in normal times, and particularly unpredictable now because of the cloudy economic outlook…  Historically, high energy prices have often preceded recessions.  However, higher energy prices could aggravate inflation and prompt the Federal Reserve to withdraw its easy monetary policy sooner, damping economic growth. | The Wall Street Journal | 10/11/2021 | Josh Mitchell |
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| What’s News | ♦ Global supply-chain delays are so severe that some of the biggest U.S. retailers have resorted to chartering their own cargo ships to import goods. | The Wall Street Journal | 10/11/2021 |  |
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| China’s Property Market Faces a $5 Trillion Reckoning  *Evergrande isn’t the only developer to run up staggering debts.* | As China enters what many economists say is the final stage of one of the largest real-estate booms in history, it is confronting a staggering bill: More than $5 trillion in debt that developers took on when times were good, according to economists at Nomura Holdings Inc.  That debt is nearly double what it was at the end of 2016 and is more than the entire economic output of Japan, the world’s third-largest economy, last year.  Global markets are braced for a possible wave of defaults, with warning signs flashing over the debt of about two-fifths of development companies that have borrowed from international bond investors. | The Wall Street Journal | 10/11/2021 | Quentin Webb and Stella Yifan Xie |
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| Earnings to Put Focus on cost Increases | Third-quarter earnings season kicks off this week, with investors on the lookout for signs that rising costs will pose a problem for U.S. corporate profits this quarter and beyond.  Already, a handful of big companies have said they are struggling with the crosscurrents of an unusual economic expansion, sending their shares lower and raising concerns that further surprises might await.  Analysts expect that earnings from companies in the S&P 500 grew 28% in the third quarter from a year earlier – a time when businesses were working to recover from the effects of the pandemic.  Even so, Morgan Stanley strategists say they don’t believe supply-chain problems have been fully factored into the market’s expectations for corporate earnings – and if they are right, there could be room for some unpleasant surprises in coming weeks. | The Wall Street Journal | 10/11/2021 | Karen Langley |
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| Yields Top 1.6%, Highest In Months | Yields, which rise when bond prices fall, have been on a sharp upward trajectory since the Federal Reserve’s Sept. 21-22 policy meeting.  On Friday, a disappointing September jobs report briefly stalled the climb. But the yield on the 10-year note ended that session at 1.604%, its highest close since June. | The Wall Street Journal | 10/11/2021 | Sam Goldfarb |
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| Growth, Inflation Worries Hit Stocks  *Gains in commodity futures prices boosts shares of mining company shares* | U.S. stocks fell on Monday on worries about showing growth and mounting inflation, as oil prices rallied.  The S&P 500 slid 30.15 points, or 0.7%, to 4361.19. Stocks rose in the morning but turned lower, with losses accelerating in the last minutes of trading.  The Dow Jones Industrial Average declined 250.19 points, or 0.7%, to 34496.06. the technology-heavy Nasdaq Composite dropped 93.34 points, or 0.6%, to 14486.20.  Front-month U.S. oil futures climbed 1.5% to settle at $80.52 a barrel, their highest level since 2014.  Concerns about the combination of inflation and slowing growth have dogged markets in recent weeks. Inflation has proved stickier than expected, brought on by supply-chain disruptions, labor shortages and surging energy prices.  Investors are also looking ahead to the third-quarter earnings season, which kicks off this week. | The Wall Street Journal | 10/12/2021 | Caitlin Ostroff and Alexander Osipovich |
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| Oil Prices Tops $80 for First Time since ‘14  *Increase is outpacing other commodities by the widest margin in more than a decade* | Some industrial metals have fallen due to fears of softening growth in China, the world’s biggest commodities consumer and largest oil importer.  Crude’s persistent rise amid those growth concerns shows the extent to which many traders expect weak supply to buoy prices, lifting fuel costs for consumers and businesses. Energy-supply shortages are slowing factory activity around the world and contributing to a recent pickup in inflation.  Lofty natural-gas prices and depleted inventories could prompt some power plants to use oil as an alternative to natural gas for electricity generations, some analysts said.  The S&P 500 energy sector has been the broad index’s best-performing group this year, advancing about 50%.  Many analysts said the recent swings show the risks of phasing out fossil-fuel production too quickly. | The Wall Street Journal | 10/12/2021 | Amrith Ramkumar |
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| IMF Cuts Growth Forecast, Warns on Inflation  *Supply-chain issues, Covid-19 pressures prompt the group to trim its global outlook* | Supply-chain disruptions and global health concerns spurred the International Monetary Fund to lower its 2021 growth forecast for the world economy, while the group raised its inflation outlook and warned of the risks of higher prices.  “Policy choices have become more difficult…with limited room to maneuver,” the IMF economists said in the report, which is released twice a year, along with two additional updates. | The Wall Street Journal | 10/13/2021 | Yuka Hayashi |
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| Sharply Declining Home Sales Pose Threat to China Economy | Home sales in China are seizing up as curbs on lending and worries about developers’ financial health deter buyers, casting a pall over an industry that is central to the Chinese economy.  If sustained, the sharp downturn could have serious economic consequences. Real estate has played an outsize role in China’s economy in recent years, compared with its importance in many other countries… | The Wall Street Journal | 10/13/2021 | Stella Yifan Xie, Elaine Yu and Anniek Bao |
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| Inflation Fears Narrow Treasury Yield Gap | The gap between yields on shorter- and longer-term Treasurys narrowed Wednesday after data showed inflation accelerated slightly in September, fueled by investors’ bets that the Federal Reserve may need to tighten monetary policy sooner than expected.  The yield on the benchmark 10-year Treasury note, which helps set borrowing costs on everything from corporate debt to mortgages, finished the trading session at 1.549%,…  The yield on the 30-year Treasury fell to 2.041%, from 2.106% Tuesday.  Yields on shorter-term Treasurys, which are especially sensitive to changes in monetary policy, climbed after the report. The yield on the two-year Treasury rose to 0.368% from 0.348% Tuesday.  Analysts and investors say Treasury yields can keep rising from current levels, with some expecting the 10-year yield to finish this year at 2%.  Deutsche Bank analysts expect the Fed to start raising short-term interest rates in December 2022 instead of the third quarter of 2023, in part due to rising inflation expectations… | The Wall Street Journal | 10/14/2021 | Sebastian Pellejero |
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| Inflation Is Back at Highest In Over A Decade  *Rising wages, gasoline, rents, shortages propel the latest 5.4% pace, adding pressure on Fed* | The Labor Department said last month’s consumer-price index, which measures what consumers pay for goods and services, rose by 5.4% from a year earlier, in unadjusted terms. That is the same rate as in June and July as the economy reopened, and slightly higher than in August. The so-called core price index, which excludes the often-volatile categories of food and energy, in September climbed 4% from a year earlier, the same rate as in August. | The Wall Street Journal | 10/14/2021 | Gwynn Guilford |
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| L.A. Port Goes 24/7 to Ease Snarl | One of the U.S.’s busiest ports will operate around the clock in an effort to ease cargo bottlenecks that have led to shortages and higher consumer costs, a change made public by the White House as it seeks to alleviate supply-chain issues ahead of the holidays.  The U.S. supply chain has struggled to adapt to a crush of imports as consumers during the pandemic shifted much of their spending from services to home goods, including electronics, and as businesses rush to restock pandemic-depleted inventories. Hundreds of thousands of containers are stuck at the Los Angeles and Long Beach ports, the West Coast gateways that move more than a quarter of all U.S. imports. | The Wall Street Journal | 10/14/2021 | Gwynn Guilford |
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| Social Security Benefits to Rise 5.9% | Next year’s cost-of-living adjustments, or COLA, will be 5.9% the Social Security Administration said Wednesday.  The nearly 6% cost-of-living adjustment is the largest since 1982, according to Social Security Administration data.  The Social Security Administration also said the maximum amount of earnings subject to the social Security tax will increase to $147,000 in 2022 from $142,800 this year, a 2.9% increase.  Federal Reserve Chairman Jerome Powell and other Fed officials have said they expect elevated inflation to be temporary and to ease as frictions associated with the economy’s reopening fade.  The social Security Board of Trustees in an August report said the trust fund that pays benefits is projected to become depleted by 2034, a year earlier than estimated in 2020. At that time, Social Security income would be sufficient to pay about 78% of scheduled benefits. | The Wall Street Journal | 10/14/2021 | Amara Omeokwe |
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| How The Fed Finances U.S. Debt | …White House officials have launched apocalyptic warnings about imminent financial collapse, along with hallowed invocations to preserve the full faith and credit of U.S. Treasury Debt.  Defense Secretary Lloyd Austin declared: “If the United States defaults, it would undermine the economic strength on which our national security rests.”  In the past two years alone, the Fed acquired more than $3.3 trillion of Treasury debt – which equates to more than half of the combined federal budget deficits for 2020 and 2021.  Before the debt crisis reaches its next crescendo, it’s worth scrutinizing the sleight-of-hand financial arrangements and dodgy accounting principles that foster confusion and hysteria as Treasury bumps up against the federal borrowing limit. | The Wall Street Journal | 10/14/2021 | Judy Shelton |
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| Where Are All the Missing Workers?  *Many economists expect labor shortage to persist, businesses cut services, raise pay* | Source labor is becoming a fixture of the U.S. economy, reshaping the workforce and prodding firms to adapt by raising wages, reinventing services and investing in automation.  More than a year and a half into the pandemic, the U.S. is still missing around 4.3 million workers. | The Wall Street Journal | 10/15/2021 | Josh Mitchell, Lauren Weber and Sarah Chaney Cambon |
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| Jobless Claims Hit Covid Low | Jobless claims fell below 300,000 for the first time since the pandemic began. | The Wall Street Journal | 10/15/2021 | Source: U.S. Employment and Training Administration via St. Louis Fed |
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| Loan Income Helps Lift BofA Profit | Banks last year set aside billions of dollars to prepare for a wave of loan defaults, but now they are releasing the money they had socked away.  That helped power double-digit earnings gains at JPMorgan Chase & Co., Citigroup Inc. and Wells Fargo & Co. Equities trading and a deal-making boom also helped.  Despite an improving economy, banks have had difficulty expanding their loan books this year.  Commercial lending inside the U.S. and abroad ticked up from a year ago. | The Wall Street Journal | 10/15/2021 | Ben Eisen |
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| Junk Loans Shine as Investors Pile Into Riskiest Parts of CLOs | Investors are scoring big gains in the riskiest part of the $3 trillion market for junk-rated corporate loans.  The lowest-rated securities tied to what Wall Street calls collateralized loan obligations returned more than 29% this year through August, including interest payments and price changes, according to a recent report by Citigroup. That beats a 221.5% return on the S&P 500 over the same period.  CLOs are bundles of junk-rated loans, packaged into slices of securities, that pass on interest payments to investors in order of risk. Investors in the riskiest portions, known as CLO equity, get paid last but profit when loan prices rise.  Analysts expect that strong pace to continue, supported by the economy’s recovery and investors’ demand for CLOs’ relatively high yields.  Double-B-rated CLO securities returned 8.1% to investors through September, beating a 4.7% total return on speculative-grade corporate bonds and 4.4% on leveraged loans. | The Wall Street Journal | 10/15/2021 | Sebastian Pellejero |
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| Natural-Gas Prices Affect Inflation | Europe’s crazy jump in gas prices is having surprisingly little impact on inflation in the region. In another year, the effect could be more dramatic.  UBS expect eurozone inflation to be 2.4% this year, overshooting the European Central Bank’s target of “below, but close to, 2%.” Energy is responsible for the lion’s share of inflation.  Europe’s governments use regulation and price-controls to shield households from big jumps in their energy costs.  But protecting consumers has uncomfortable know-on effects. Price caps have hit utility suppliers: Utility stocks underperformed the European benchmark since February,… | The Wall Street Journal | 10/15/2021 | Rochelle Toplensky |
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| Stocks Cap Best Week In Months On Earnings | U.S. stocks rose Friday, notching their biggest weekly gains in months following a strong streak of earnings reports.  Data Friday showed retail sales unexpectedly rose in September, despite economists’ worries about the Delta variant of Covid-19 and the end of enhanced unemployment benefits.  The S&P 500 added 33.11 points, or 0.7%, to 4471.38=7 and jumped 1.8% for the week, posting its best weekly performance since July. The Dow Jones Industrial Average gained 382.20 points, or 1.1%, to 35294.76 and advanced 1.6% for the week, delivering its biggest weekly gain since June.  The technology-focused Nasdaq composite ticked up 73.91 points, or 0.5%, to 14897.34 and climbed 2.2% for the week.  Bank stocks helped lead the market higher Friday.  In the bond market, yields on 10-year Treasury notes rose to 1.574% Friday, from 1.519% Thursday. Yields rise when bond prices fall.  Correlations between different markets will remain in flux as investors debate the inflation outlook, said Richard McGuire, head of rates strategy at Rabobank.  Mr. McGuire expects the inflation burst to fade, as “high prices will sow the seed of their own downfall,” with consumers starting to spend less. | The Wall Street Journal | 10/16-17/2021 | Joe Wallace and Akane Otani |
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| Logjam Curbs Air Cargo At Dubai’s Main Airport | Businesses rushing to recover and restock as pandemic restrictions ease have put extreme pressure on supply chains around the world. Labor shortages and strong demand for goods, as well as soaring prices for many raw materials, have made matters worse.  The strain has been especially pronounced in the flow of goods aboard ships. The cost of sending goods by sea has soared, particularly ahead of the end-or-year holidays. That has many shippers shifting to airfreight. | The Wall Street Journal | 10/16-17/2021 | Benjamin Katz and Rory Jones |
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| Inflation Sets Off Alarms World-Wide | Rising inflation is triggering anxiety around the world as a surge in demand following the easing of covid-19 lockdowns has been confronted by supply bottlenecks and rising prices of energy and raw materials.  The sharpest consumer price increases in years in many countries have evoked different responses from central banks. More than a dozen have raised interest rates but two that haven’t are those that loom largest over the global economy: the Federal Reserve and the European Central Bank.  The inflation surge is being driven by a combination of economic forces that few central bankers have seen before.  Some of them have raised key interest rates, most notably Brazil and Russia, which were among the first to move back in March. As inflation has advanced, with no clear end in sight, other central banks have joined them.  For all central bankers, the big worry is that inflation becomes embedded as households start to factor expectations that faster inflation is here to stay into wage bargaining, and businesses make the same assumption as they set prices.  China’s factory-gate inflation surged 10.7% in September, the most in nearly 25 years, in large part due to higher coal prices. | The Wall Street Journal | 10/16-17/2021 | Paul Hannon, Ryan Dube and Stella Yifan Xie |
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| Demand, Inflation Drive Up Sales at Retailers  *Shoppers spent 0.7% more in September, shaking off the variant and supply-chain snarls* | Sales at stores, restaurants and online sellers rose a seasonally adjusted 0.7% from the previous month, the Commerce Department said Friday. The rise in sales reflects persistently strong demand and higher consumer prices.  The retail sales, which aren’t adjusted for inflation, rose 13.9% in September from a year earlier. Consumer inflation increased 5.4% in that time, the Labor Department said.  Still, economists see reasons for concern ahead, including supply disruptions causing backlogs and pushing up prices, a slowing job market recovery and anxious consumers. | The Wall Street Journal | 10/16-17/2021 | David Harrison |
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| More Inflation, Less Growth Forecast | Uncomfortably high inflation will grip the U.S. economy well into 2022, as constrained supply chains keep upward pressure on prices and, increasingly, curb output, according to economists surveyed this month by The Wall Street Journal.  The economists’ inflation projections are up dramatically from July, while short-term growth outlooks are lower.  Economists on average see inflation at 5.25% in December, just slightly less than the rate that has prevailed since June. Assuming a similar level in October and November, that would make the longest inflation has been above 5% since early 1991.  “It’s a perfect storm: supply-chain bottlenecks, tight labor markets, ultra-easy monetary and fiscal policies,” said Michael Moran, chief economist at Daiwa Capital Markets America.  Consumer-price inflation will drop to 3.4% by June of next year, then 2.6% by the end of 2022, according to respondents’ average estimates. That is still above the average 1.8% that prevailed in the decade before the pandemic.  “consumer spending, and by extension GDP growth, is being limited by high rates of inflation eroding the real purchasing power of consumers,” said Michael Brown, principal U.S. economist at Visa.  Concerns about limited supply are the main cloud over the outlook.  Many economists cited unusually robust demand for goods throughout the pandemic as the chief source of strained supplies – and, as a result, a key source of inflationary pressure. | The Wall Street Journal | 10/18/2021 | Gwynn Guilford and Anthony DeBarros |
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| Unions Push for Advantage Amid a Tight Labor Market | Union officials said workers are motivated by lingering frustration over their hours, pa and concerns for their health as some have held front-line jobs through the covid-19 pandemic. Employees this year have pushed for higher wages, expanded benefits, safer workplaces and added staffing.  Critics of unions have warned that the work stoppages and efforts to influence labor policy could push up prices for consumers and slow production, potentially stifling the U.S. economic recovery.  Union membership, particularly in the private sector, has been in a decades long decline.  Union members made up 10.8% of the U.S. workforce last year, a higher proportion than in 2019, but down from a peak of 20.1% in 1983, the earliest year for which the Labor Department has comparable date.  Some union officials and labor researchers said there is an emotional component wrapped up in current union actions. Frustration remains among some workers over being required to work long hours through the pandemic, they said, and a sense of injustice as some companies reap big profits from rebounding economy.  Robert Bruno, professor of labor and employment relations at the University of Illinois, said this past week’s strike against Deere came despite the company’s contract proposal that included higher wages, bonuses and enhanced pension benefits, suggesting that workers’ frustration extent beyond money. “workers are angry,” Mr. Bruno said. | The Wall Street Journal | 10/18/2021 | Jesse Newman |
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| Energy Crisis Pressures Renewables | Demand for oil, coal and natural gas has skyrocketed worldwide in recent weeks as unusual weather conditions and resurgent economies emerging from the pandemic combine to create energy shortages from China to Brazil to the U.K.  The situation has laid bare the fragility of global supplies as countries d rive to pivot from fossil fuels to cleaner sources of energy, a shift many investors and governments are trying to accelerate amid concerns about climate change.  The transition figures to be challenging for years to come, energy executives and analysts say…  Demand for power remains robust even as supply chains begin to strain. | The Wall Street Journal | 10/18/2021 | Christopher M. Matthews, Collin Eaton and Benoit Faucon |
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| What’s News | ♦ The first bitcoin exchange-traded fund is expected to start trading Tuesday, making the most widely traded cryptocurrency available to most investors with a brokerage account. | The Wall Street Journal | 10/18/2021 |  |
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| A Winter of Big Heating Bills Is Coming | According to the Energy Information Administration, nearly half of U.S. households that warm their homes with mainly natural gas can expect the spend an average of 30% more on their bills compared with last year. The agency added that bills would be 50% higher if the winter is 10% colder than average and 22% higher if the winter is 10% warmer than average.  Economists warn that the larger utility bills are most likely to affect those households still hobbled by the covid-19 pandemic. | The Wall Street Journal | 10/18/2021 | J. J. McCorvey |
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| Crimped Growth Tests Beijing’s Agenda | China’s economy recorded a steeper-than-expected economic slowdown in the third quarter of the year, expanding 4.9% from a year earlier. The growth rate reflected a host of headwinds: tighter rules on the property market that have chilled activity in the sector, widespread power shortages and continued concerns about Covid-10 that have weighed on consumer spending. | The Wall Street Journal | 10/19/2021 | Stella Yifan Xie |
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| S&P 500 Hits Highest Close In Weeks on Strong Earnings  *Investors assess how companies are faring with inflation, supply chain issues* | A handful of strong reports have helped calm fears of how badly those headwinds would affect corporate results, said Lamar Villere, portfolio manager at investment firm Villere & Co.  The S&P 500 gained 33.17 points, or 0.7%, to 4519.63, off 0.4% from its record in early September. The Dow Jones Industrial Average added 198.70 points, or 0.6% to 35457.31, its highest close in two months. The tech-heavy Nasdaq composite rose 107.28 points, or 0.7%, to 15129.09.  Inflation is expected to be stickier than originally anticipated by central bank officials, exacerbated by continued supply-chain disruptions, higher energy costs and labor shortages. Some investors expect supply problems will pinch companies’ sales.  Ten of the 11 sectors in the S&P 500 advanced, led by the healthcare and utilities groups, while consumer discretionary stocks pulled back.  In bond markets, the yield on the benchmark 10-year U.S. Treasury note ticked up to 1.634% from 1.583% Monday. Yields rise when bond prices fall. | The Wall Street Journal | 10/20/2021 | Caitlin Ostroff and Karen Langley |
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| Trade Figures Flash Brexit Warning  *U.K.’s post-pandemic recovery is hit as separation takes hold* | The global upswing in trade is leaving the U.K. behind, an early sign of the challenge Brexit is presenting its economy.  Leaving the EU has put the U.K. outside the EU’s vast internal market of 445 million consumers and a customs territory that is bigger still, stretching from the Atlantic to Turkey. It is hobbling trade just as its economy needs all its engines firing to power out of its worst downturn in a century. | The Wall Street Journal | 10/20/2021 | Jason Douglas |
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| Debt Deal Eases Treasury Instability | Some analysts warn that net new supply of Treasury bills is likely to start falling again in a matter of weeks and turn negative by December, reducing the outstanding volume of bills and squeezing investors.  Demand for Treasury bills was strong before the pandemic – partly thanks to Securities and Exchange Commission regulations that caused many businesses and individuals to effectively shift their cash from short-term corporate debt securities into government debt. Massive amounts of bond buying by the Federal Reserve since the pandemic began has further added to demand by pumping trillions of dollars into the financial system. | The Wall Street Journal | 10/21/2021 | Sam Goldfarb |
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| What’s News | ♦ Bitcoin’s price hit a record a day after the first U.S. ETF linked to the cryptocurrency started trading. | The Wall Street Journal | 10/21/2020 |  |
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| Growth Slowed Amid High Prices, Fed Says | U.S. economic growth slowed to a modest to moderate rate this fall as firms confronted supply-chain disruptions, elevated prices, a shortage of available workers and fears around the Delta variant of covid-10, the Federal Reserve said Wednesday.  The report, known as the Beige Book, collected anecdotes from businesses in fed districts around the country.  “Outlooks for near-term economic activity remained positive, overall, but some districts notes increased uncertainty and more cautious optimism than in previous months,” the report said.  The report is in line with estimates that growth slowed in the third quarter. | The Wall Street Journal | 10/221/2021 | David Harrison |
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| Price of Bitcoin Reaches Record | Bitcoin’s price touched a record, powered by a wave of buying after the first U.S. exchange-traded fund linked to the cryptocurrency started trading.  Bitcoin traded as high as $66,974.77 on Wednesday, passing the previous high of $64,889 set in April, according to CoinDesk. It fell to as low as $29,6-8.00 in July before roaring back … | The Wall Street Journal | 10/21/2021 | Paul Vigna, Elaine Yu and Caitlin Ostroff |
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| Jobless Claims Hit Pandemic Low Point | Jobless claims fell slightly and notched a new pandemic low, a sign layoff remain low as companies struggle to hire workers.  Job openings reached a record high this summer… | The Wall Street Journal | 10/22/2021 | Sarah Chaney Cambon |
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| More Chinese Developers Default | The pain is spreading in the market for Chinese junk bonds.  Dollar-bond defaults from Chinese property developers are rising quickly as the country’s housing market slumps, and the problem could worsen as a wave of debt from the beleaguered industry comes due in the coming months. | The Wall Street Journal | 10/22/2021 | Frances Yoon, Quentin Webb and Elaine Yu |
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| Powell Signals Heightened Inflation Risks | Federal Reserve Chairman Jerome Powell indicated that he is now somewhat more concerned about higher inflation and said that the central bank would watch carefully for signs that households and businesses were expecting sustained price pressures to continue.  While the Fed has anticipated that price pressures would abate as the pandemic subsides, Mr. Powell said it would be important for the central bank to stay flexible in the months ahead. The central bank will “need to make sure that our policy is positioned for a range of possible outcomes,”  “I do think it is time to taper,” Mr. Powell said Friday. “I don’t think it is time to raise rates.”  But at the same time, he concluded his assessment by noting, “We will be looking for evidence that supports or undercuts that expectation.” | The Wall Street Journal | 10/23-24/2021 | Nick Timiraos |
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| Services Sector Spurs Growth In Big Economies | Business activity accelerated in some of the world’s largest economies owing to a pickup in the services sector that has offset weakness in manufacturing caused by supply-chain bottlenecks and rising prices.  In Europe, however, growth slowed due to reduced factory activity as businesses reported difficulties getting the parts and raw materials they needed. | The Wall Street Journal | 10/23-24/2021 | Paul Hannon and David Harrison |
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| What’s News | ♦ The U.S. incurred the second-largest budget deficit on record in the fiscal year ended Sept. 30, reflecting government expenditures tied to the pandemic. | The Wall Street Journal | 10/23-24/2021 |  |
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| What’s News | ♦ Warehouse availability in the U.S. fell to record lows in the third quarter. | The Wall Street Journal | 10/23-24/2021 |  |
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| Dow Industrials Finish at Fresh Record  *All three major indexes posted gains for the week boosted by strong earnings* | Most S&P 500 companies that have reported earnings have beat analysts’ expectations…  Financial results from companies such as Tesla and Johnson & Johnson throughout the week sowed that corporate executives have been able to insulate themselves from the global supply-chain crisis and delivery strong results.  Investors have piled into bitcoin, sending prices to a high this week after the first bitcoin ETF started trading.  The yield on the 10-year Treasury note rose to 1.654% on Friday, from 1.574% last week. | The Wall Street Journal | 10/23-24/2021 | Will Horner and Gunjan Benerji |
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| Investors See Inflation Lingering | A key measure of investors’ inflation expectations has climbed to recent weeks, adding fuel to concerns about rising consumer prices.  As of Thursday, the gauge known as the 10-year breakeven rate suggested that the consumer-price index will rise by an annual average of 2.64% over the next decade, according to Federal Reserve Economic Data, or FRED. That is up from a recent low of 2.28% in late September and the highest level since 2012.  Investors and analysts generally expect inflation to cool in the coming months as businesses ramp up the supply of goods to meet consumer demand and consumers further ease supply-chain pressures by returning to more normal spending patterns…  “The question right now is at what point does the pull forward (in rate increases) and possible tightening make investors believe that central banks can sow the growth of inflation,” said Jim Vogel, interest-rates strategist at FHN financial.  Raising interest rates typically slows economic growth by increasing borrowing costs and pushing consumers to spend less, thereby cooling inflation as well. | The Wall Street Journal | 10/23-24/2021 | Sebastian Pellejero and Sam Goldfarb |
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| Natural Gas Off 16% From Recent High | Natural-gas prices have shed 16% since hitting a 13-year high earlier this month, reversing some of a run-up that has prompted fears of exorbitant heating bills and higher manufacturing costs at a time of already high prices. | The Wall Street Journal | 10/23-24/2021 | Ryan Dezember |
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| What’s News | ♦ Some of the world’s biggest companies, including Procter & Gamble and Nestlé, say they plan to continue raising prices or pushing customers to buy more expensive products into 2022 to offset fast-growing costs amid a global supply-chain crisis. | The Wall Street Journal | 10/25/2021 |  |
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| What’s News | ♦ A surge in energy stocks is challenging climate-conscious money managers who beat the market for years when the sector struggled but are now missing out on Wall Street’s hottest trade. | The Wall Street Journal | 10/25/2021 |  |
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| Companies Offer Perks to Attract Workers | The “Great Resignation” is exacerbating skills shortages across industries and forcing companies to pay more, driving up costs at a time of already high inflation. In a survey released last week, chief financial officers at U.S. businesses said quality and availability of labor was their No. 1 concern, with three-quarters of them stating they have difficulty hiring, according to Duke University’s Fuqua School of business, which conducted the poll with the Federal Reserve Banks of Atlanta and Richmond.  Companies plan to keep hiring new workers and increasing non-wage compensation – for example, for healthcare and other benefits, the survey of 301 CFOs found. Wage bills are forecast to rise by 6.9% this year and next, while w ages for new hires are set to rise by about 10%, according to the survey. | The Wall Street Journal | 10/26/2021 | Nina Trentmann and Mark Maurer |
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| Democrats’ Tax Plan Would Sink Real Estate | The landmark 1986 Tax Reform Act reduced the top personal income-tax rate from 50% to 28%. The politically divided congress paid for these cuts, in part, by raising the rate on capital gains from 20% to 28% and limiting the deductibility of real estate losses for passive investors. The unintended consequences were many and profound.  As the new rules were phased in, investment capital dried up and asset values collapsed. Rents rose as landlords refused to pay their mortgage interest with nondeductible cash. Many other landlords “mailed back the keys” to the S&P associations holding their mortgages.  Even before the 1990-91 recession, Congress knew it had blundered, and reinstated real-estate tax benefits for genuine professionals only.  Wall Street was the big winner, filling the void left by the S&Ls with commercial mortgage-backed securities, or CMBS. When the CMBS market collapsed in 2009, it plunged the global economy into the Great Recession. Taxpayers funded huge bailouts.  Without tax incentives, real estate can’t compete with other investments for essential capital.  Under the House bill, taxation of real-estate operating profit would soar from 29.6% (37% less 20% business deduction) to nearly 46.4% (39.6% basic maximum plus 3.8% investment tax plus 3% surtax for some, with no business deduction), and real estate capital gains would spike from 20% to 31.8% (25% basic capital gains maximum plus 3.8% investment tax plus 3% surtax for some).  Adding to the toxic brew, President Biden proposes a radical change to the way real-estate assets are treated when an owner dies.  Taking away the free step-up in basis creates a disincentive to invest for the long term and ensures even less capital flowing to real estate.  As 1986 and 2008 proved, forced selling in real-property markets creates havoc in financial markets.  If passed, the Democrats’ real-estate tax proposals will tank property values. This sudden, broad decline will be recessionary. | The Wall Street Journal | 10/26/2021 | Dan Palmer and David Williams |
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| Inflation Complicates Fed’s Next Move | Federal Reserve officials are set to wind down their $120 billion-a-month bond-purchase program in November, but questions over how soon inflation pressures will fade are creating more uneasiness inside the central bank.  In recent weeks, officials have said they still think the most likely outcome is for inflation to come down on its own as supply-chain kinks resolve. Recent public remarks, however, show they are holding to that view with somewhat less conviction than before.  Officials don’t want to fuel monetary stimulus by purchasing assets once they think the economy needs higher interest rates, which means they want to complete the taper before they raise rates.  In congressional testimony last month, Mr. Powell said it was “frustrating” that supply-chain bottlenecks weren’t improving. “The risks are clearly now to longer and more-persistent bottlenecks, and thus to higher inflation.” | The Wall Street Journal | 10/26/2021 | Nick Timiraos |
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| Indexes Set Records, Tesla Hits Milestone | Stocks marched upward, with the S&P 500 and Dow Jones Industrial Average closing at records.  The S&P 500 ticked up 21.58 points, or 0.5%, to 4566.48. The Dow Jones Industrial Average advanced 64.13 points, or 0.2%, to 35741.15. Both have hit this year, including last week.  The Nasdaq composite Index added 136.51 points, or 0.9%, to 15226.71.  Investors await comments from the European Central Bank and Bank of Japan, which both have meetings scheduled this week. The Federal Reserve has signaled a possible rate increase next year, and officials could start scaling back pandemic-era stimulus at the November meeting.  Money managers are also watching negotiations among U.S. lawmakers about the fate of President Biden’s social-policy spending package.  Government spending on that scale “will continue to support growth,” said Esty Dwek, chief investment officer at Swiss online bank FlowBank. “the question now is more about taxes and how they will pay for it.”  The yield on the benchmark 10-year Treasury note fell to 1.634%. Yields move inversely to bond prices.  Brent crude, the global oil benchmark, gained 46 cents, or 0.5%, to $85.99 a barrel, the highest settlement value in three years. | The Wall Street Journal | 10/26/2021 | Anna Hirtenstein and Hardika Singh |
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| What’s News | ♦ GM and Ford reported steep drops in profit for the third quarter as the computer-chip shortage dented factory output. | The Wall Street Journal | 10/28/2021 |  |
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| Steel Boom Expected Into 2022 | U.S. steelmakers said demand for steel will remain strong deep into next year, keeping prices high for customers such as auto and appliance makers and stoking continued investments in new mills.  Steel companies this month have reported record quarterly profits… | The Wall Street Journal | 10/28/2021 | Bob Tita |
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| Strong Earnings Power S&P to Record | With nearly half of S&P 500 companies having posted results this reporting season, about 82% of those have beat analysts’ expectations for earnings, according to FactSet data from Thursday morning.  The S&P 500 rose 44.74 points, or 1%, to 4596.42, posting its 58th record of the year. The Nasdaq composite gained 212.28 points, or 1.4%, to 15448.12 and posted its first closing high since September.  The Dow Jones Industrial Average added 239.79 points, or 0.7%, to 35730.48, barely missing its Tuesday record. | The Wall Street Journal | 10/29/2021 | Joe Wallace and Akane Otani |
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| Fed Tampering Won’t Beat Inflation | Inflation is higher than it has been in a decade, and households and businesses are fretting over their diminished purchasing power. Monetary-policy makers insist price hikes are transitory, but there is pressure on the Federal Reserve to begin tapering.  Monetary-policy normalization is a good thing, and we should be eager for the Fed to revert to pre-Covid operations. But tapering isn’t a panacea for surging prices because widespread supply-chain problems, which are out of the central bank’s control, are contributing to price increases.  Normally, inflation is caused by loose money. When the Fed buys assets, the money supply rises, putting upward pressure on prices. But a growing Fed balance sheet isn’t enough to cause inflation.  There are two ways to fight supply-side inflation. The first is to loosen and repeal regulations that make it more costly to produce goods and services.  The second is for monetary-policy makers to pick a more sensible rule, such as a total spending target. | The Wall Street Journal | 10/29/2021 | Alexander William Salter |
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| Economic Growth Slowed To 2% in Quarter | The U.S economy grew at an annual rate of 2% in the third quarter, sunk by a surge in virus cases and worsening supply bottlenecks, marking the weakest pace since the recovery began in mid-2020.  Economists, however, expect strong consumer demand and an easing pandemic to boost growth in the coming months despite lingering supply constraints.  Consumers have the appetite to spend. Spending on services last quarter grew at an annual rate of 7.9%. | The Wall Street Journal | 10/29/2021 | Sarah Chaney Cambon |
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| Stocks Cap Strong Month With Fresh Highs | U.S. stocks capped their strongest month since November by shrugging off woes at two of the biggest companies in the stock market, Apple and Amazon.com.  Both companies warned investors Thursday afternoon that ongoing supply-chain disruptions were affecting their operations.  For months, investors have been on high alert about such economic disruptions and have tried to determine the impact that stickier-than-expected inflation, labor shortages and shipping and logistics delays would have on global markets.  Despite concerns, money managers and equity strategists say they have been encouraged by the strength of the current earnings season and see few places outside the stock market for large, consistent returns.  The Dow Jones Industrial Average, meanwhile, gained 89.08 points, or 0.2%, Friday to end at 35819.56. For October, the index gained 5.8%, its best monthly showing since March.  The U.S. stock market’s strong performance in October marks a sharp turnaround from September, when stocks fell as fears about issues ranging from inflation to China’s property market flared. | The Wall Street Journal | 10/30-31/2021 | Caitlin McCabe and Caitlin Ostroff |
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| Eurozone economy Outpaces U.S., China | The eurozone economy grew briskly in the summer, outpacing the larger U.S. and Chinese economies as the loosening of social restrictions and widespread vaccinations powered the region’s comeback from the pandemic, but supply-chain bottlenecks and rising prices are expected to hold growth back in the coming months.  Gross domestic product in the 19-nation eurozone grew at a seasonally adjusted annualized rate of 9.1% in the three months through September, roughly in line with the previous quarter, the European Union’s statistics agency said Friday. That is significantly faster than the 2% annual growth rate clocked by the U.S. economy and roughly 1% for China’s economy in the period.  Europe is climbing out of a deeper economic hole and hasn’t yet returned to its pre-pandemic level of output, unlike the larger U.S. and Chinese economies.  France and Italy were the top performers of the larger eurozone economies during the third quarter, while Germany and Spain lagged behind.  “the current situation is absurd: Despite full order books, industrial production has been shrinking since the beginning of the year. It is experiencing a bottleneck recession,” said Timo Wollmershäuser, head of forecasts at German’s Ifo think tank. | The Wall Street Journal | 10/30-31/2021 | Tom Fairless |
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| Prices, Wages Increase At Rapid Pace | Consumer prices rose at the fastest pace in 30 years in September while workers saw their biggest compensation boosts in at least 20 years, according to new government data released Friday.  Consumer spending also rose in September despite the expiration of enhanced unemployment benefits, the data showed.  The reports point to a recovery caught between robust consumer demand and severe supply shortages, leading to a rapid uptick in inflation.  Persistently high inflation could offset the increase in wages and make households worse off.  It could also force the central bank to raise interest rates to keep prices in check. | The Wall Street Journal | 10/30-31/2021 | David Harrison |
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| What’s News | ♦ G-20 leaders are split over phasing out coal and limiting global warming to 1.5 degrees Celsius, officials said, throwing into doubt whether ambitious climate change targets can be hit. | The Wall Street Journal | 10/30-31/2021 |  |

Congress has raised or suspended the debt ceiling 78 times since 1960*. -Cnet, September 30, 2021*

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Prepared by James M. Juengling.

Juengling & Associates