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| **RESOURCE LOG – DECEMBER 2021** | | | | |
| **Article Title** | **Detail** | **Publication** | **Date** | **Author** |
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| 2021 Year-End Tax Strategies | Private placement life insurance is also prominent in client discussions, he adds. “It’s a way for clients to hold alternative investments in insurance dedicated funds wrapped in a life insurance blanket that grows tax free, with the investment income available tax-free during life and both the income and the death benefit paid tax free at the death of the insured,” Lipschultz explains.  *Brent Lipschultz, is a partner at Eisner Advisory Group LLC in Manhattan.* | Financial Advisor Magazine | 12/2021 | Eric Reiner |
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| Stocks and Oil Rattled by Variant | Global stock indexes and energy prices skidded for the second time in three trading days, fueled by the uncertain impact of a new Covid-19 variant and inflation.  Nearly all the stocks in the S&P 500 fell as investors pulled away from riskier assets and sought haven in government bonds.  The decline, though mild so far, highlights concerns about stretched valuations and so-called crowded trades in which lots of investors make similar bets, only to rush out in unison when they go wrong. | The Wall Street Journal | 12/01/2021 | Michael Wursthorn and Sam Goldfarb |
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| U.S. Omicron Case Hits Stocks | All three major U.S. indexes finished lower in a stark turnaround from earlier in the day. Stocks rallied after the opening bell, rebounding from their post-thanksgiving selloff. The recovery reversed in the afternoon after reports that new Covid-19 infections nearly doubled in South Africa Wednesday…  Losses accelerated near the end of the session. The Dow Jones Industrial Average lost 401.68 points, erasing an intraday rally of nearly 521 points. The blue-chip index finished down 1.3% to 34022.04.  The S&P 500 fell 53.96 points, or 1.2%, to 4513.04. Its 3.1% loss for Tuesday and Wednesday is the benchmark index’s largest two-day percentage decline in more than a year. The Nasdaq Composite fell 283.64 points, or 1.8%, to 15254.05.  The Russell 2000 index of small-cap stocks lost 2.3%... | The Wall Street Journal | 12/02/2021 | Joe Wallace and Caitlin McCabe |
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| What’s News | ♦ OPED and a group of Russia-led producers agreed to continue pumping more crude, betting that pent-up demand will outweigh any hit to economic activity by the recent permutations of Covid-19. | The Wall Street Journal | 12/03/2021 |  |
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| Dow Posts Best Gain in a Month  *Markets have bounced around this week in response to news on pandemic* | Stocks jumped, continuing a tumultuous week for markets driven by uncertainty about the potential impact on the Omicron variant on public health and the economy.  Equities rose, with the S&P 500 and Dow Jones Industrial Average more than recouping Wednesday’s losses. Oil prices and bond yields rose. Investors already confronting rising inflation are also evaluating the likelihood that Omicron could spur changes in government or monetary policy, which has led to pronounced volatility in recent sessions.  The Dow industrials added 617.75 points, or 1.8%, to 34639.79, the largest one-day point gain since early November. The S&P 500 rose 64.06 points, or 1.4%, to 4577.10, with all 11 of its sectors rising. The Nasdaq Composite gained 127.27 points, or 0.8% to 15381.32.  Markets have bounced around this week in reaction to pandemic headlines. | The Wall Street Journal | 12/03/2021 | Hardika Singh and Anna Hirtenstein |
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| Hiring Slows, but More Seek Work  *U.S. adds just 210,000 jobs, but labor force participation surges; unemployment is 4.2%* | Hiring slowed last month amid Covid-19 uncertainties, but people returned to the labor force in droves in a sign the tight labor market could be loosening. | The Wall Street Journal | 12/04-05/2021 | David Harrison |
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| Markets’ Fall Caps volatile Week | Markets ended a tumultuous week on an ominous note, with a broad technology-sector sell-off sending major U.S. stock indexes sharply lower and Treasury yields falling at a pace not seen since some of the worst days of the pandemic last year.  Federal Reserve Chairman Jerome Powell said this week that the central bank was prepared to pare its easy-money policies at a quicker pace…  Some investors said that the prospect of rate increases comes at a precarious time.  And the new Omicron variant of covid-19 has emerged, injecting further volatility into the stock market… | The Wall Street Journal | 12/04-05/2021 | Gunjan Banerji |
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| Turkey’s Economy slides Into Turmoil | The two-decade economic boom that lifted millions of Turks into the middle class is beginning to unravel, threatened by a currency crisis that has people lining up for subsidized bread, cutting back on meat and fleeing for a better life in Europe.  The Turkish lira has lost as much as 45% of its value this year, making ordinary Turks poorer.  After years in which he has weakened Turkish institutions and centralized power, Mr. Erdogan has now assumed broad control over the economy, with no one within the government to oppose him, former Turkish officials say. | The Wall Street Journal | 12/04-05/2021 | Jared Malsin |
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| What’s News | ♦ Bitcoin and other cryptocurrencies had a roller-coaster weekend, another sign that investors are pulling back from riskier bets after last week’s stock-market selloff. | The Wall Street Journal | 12/06/2021 |  |
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| What’s News | ♦ the emergence of the Omicron variant has pummeled small-cap stocks, with pharmaceutical and biotech shares among the biggest losers in the Russell 2000 index. | The Wall Street Journal | 12/06/2021 |  |
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| Effects of Coal’s Decline Are Far-Flung  *Jobs s in shut mines often aren’t replaced with nearby green-energy positions* | The shift to renewable energy is both costing and creating jobs, though generally not in the same place. That is one of the stresses caused by the multidecade transition away from fossil fuels.  More jobs are expected to be created in the green-energy economy than lost from giving up fossil fuels. The problem is many of the jobs will be in different places, said Phil Jordan, vice president at BW Research and leader of the firm’s energy practice that focuses on economic and workforce trends. | The Wall Street Journal | 12/06/2021 | Shane Shifflett |
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| What’s News | ♦ U.S. stocks jumped to start the week, fueled by investors’ bets that the Omicron coronavirus variant may cause milder illness than previously feared. The S&P 500, Dow and Nasdaq advanced 1.2%, 1.9% and 0.9%, respectively. | The Wall Street Journal | 12/07/2021 |  |
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| What’s News | ♦ Fed officials are planning to wind down a bond-buying program sooner than a goal set just weeks ago, a shift that opens the door for the central bank to raise rates in the spring rather than later in the year to curb inflation. | The Wall Street Journal | 12/07/2021 |  |
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| Inflation Surge, Hiring Gains Prompt the Fed’s Policy Shift | Just four weeks ago, the Federal Reserve set in motion carefully telegraphed plans to wind down a bond-buying stimulus program by June. Officials now plan to accelerate the process at their policy meeting next week, ending it by March instead.  With this move, Mr. Powell would be focusing the Fed’s efforts more on restraining inflation than on encouraging employment to return to its pre-pandemic levels. Inflation has surged this year – to 5% in October from a year earlier, according to the Fed’s preferred gauge…  Just days before the Fed’s Nov. 2-3 meeting, the Labor Department reported that the employment-cost index, a widely watched measure of worker compensation that includes both wages and benefits, rose 1.3% in the third quarter from the second… | The Wall Street Journal | 12/07/2021 | Nick Timiraos |
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| Demand for Fossil Fuels Seen Lasting for Years | The leaders of the world’s largest oil companies said Monday that demand for the products they make will remain robust for years to come even as the world attempts to transition to lower-carbon energy sources.  “Oil and gas continue to play a central role in meeting the world’s energy needs, and we plan an essential role in delivering them in a lower carbon way,” Chevron CEO Mike Wirth said. “Our products make the world run.” | The Wall Street Journal | 12/07/2021 | Collin Eaton and Christopher M. Matthews |
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| Companies Plan Hefty Raises for Workers | A survey by the conference Board set for release Wednesday finds that companies are setting aside an average 3.9% of total payroll for wage increases next year, the most since 2008.  Such a sustained rise in wages could push consumer prices higher, as companies raise prices to compensate for pay increases. The dynamic of higher wages and prices could further stoke inflation and increase the chance of a spiral of rising wages and prices feeding on each other that could be difficult to stop. | The Wall Street Journal | 12/08/2021 | David Harrison |
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| Junk-bond Investors Fear Next Year Will Be Bumpy | Investors pulled about $6 billion from high-yield mutual and exchange-traded funds in the two weeks ended Dec. 1, the biggest such outflow since the coronavirus surge of September 2020…  High-yield bonds don’t typically respond sharply to changing interest-rate expectations, making them more like stocks than investment-grade corporate or municipal bonds.  “In general, we were aggressive in the downturn of 2020,” said Bryan Krug, manager of the $7 billion Artisan High Income Investor fund.  Fed officials in recent weeks expressed concerns that inflation might persist, opening the door to faster-than-expected rate increases. That would push prices of existing bonds down and yields up to put them in line with the higher rates set by the Fed.  Mr. Krug has invested about half his fund in floating-rate loans, which should hold their value better in a rising-rate environment.  A junk-bond index operated by Bloomberg has fallen 2.4% since Nov. 9, …  Further drops in high-yield debt could be accompanied by declines in stocks, which have been shrugging off interest-rate risk. | The Wall Street Journal | 12/08/2021 | Matt Wirz |
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| Stuck at Port for 54 Days: Ship Delays Hurt Small Businesses  *Trapped aboard the A Kinka were Halloween boots that missed Halloween and lighting fixtures for a new hotel* | More than 100 companies needed cargo on the 574-foot-long ship, including giants like Amazon.com Inc. but for smaller businesses that were waiting for just one or two containers, the delays have taken a heavy toll, leaving some with disgruntled customers and significant financial pain.  On Sept. 19, there were 100 container ships in the port, one of the most crowded days of the year. There were 73 ships waiting to unload while 27 ships were docked for unloading and loading, according to the Marine Exchange of Southern California.  Thirteen mostly smaller ships waiting more than three weeks, …  On Nov. 8, the A Kinka left the dock after unloading its long-delayed cargo, there were 77 container ships waiting for a spot. As of Dec. 6, 94 container ships w ere waiting around the Ports of Los Angeles and Long Beach. | The Wall Street Journal | 12/09/2021 | Stephanie Stamm, Ruth Simon, Austen Hufford and Inti Pacheco |
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| Emerging Markets Avoid Turkey’s Woes | Emerging markets such as Russia, Mexico and Brazil are notoriously volatile and prone to getting hit when one of them wobbles. So far, however, turkey’s problems have been contained. An unorthodox series of rate cuts has plunged its economy into a spiral without causing much damage elsewhere.  Its yield curve is getting increasingly inverted, signaling that the economy’s recession is deepening.  Other major emerging-market currencies have remained relatively stable. Unlike turkey, most of its peers have raised interest rates this year, drawing in capital from foreign investors.  There have been net outflows from emerging-market debt funds for the past three consecutive weeks, according to data from EPFR. | The Wall Street Journal | 12/09/2021 | Anna Hirtenstein |
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| Evergrande And Kaisa In Default, Fitch Says | Fitch Ratings said China Evergrande Group and a second big property developer, Kaisa Group Holdings Ltd., had defaulted after missing U.S. dollar bond payments. | The Wall Street Journal | 12/10/2021 | Frances Yoon |
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| Tight Labor Market Sends Jobless Claims to New Low | A strong economic recovery and persistent labor shortage pushed jobless claims to their lowest level in more than half a century last week, just 18 months after the pandemic prompted six million workers to file for unemployment in one week.  Unemployment claims have been steadily falling all year as the labor market has tightened amid a shortage of available workers.  The unemployment rate last month fell to 4.2% from 4.6% in October… | The Wall Street Journal | 12/10/2021 | David Harrison |
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| China Seeks Soft Landing for Economy | Chinese leaders are trying to reverse a sharp growth slowdown without abandoning policies that triggered much of the weakness to begin with – a tricky task that could test Beijing’s ability to engineer a soft landing for the world’s No. 2 economy.  Beijing may have to significantly step-up policy-easing to prevent a hard landing of the economy in the coming months, Nomura Holdings analysts wrote in a recent note to clients.  For a while after the pandemic began, China’s economy looked relatively strong. It was the only major economy to expand in 2020.  Many economists are projecting growth of around 5% in 2022, which would be one of the lowest rates in decades. | The Wall Street Journal | 12/10/2021 | Stella Yifan Xie |
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| The Stagflation Is Coming | The mounting regulatory burden of Mr. Biden’s executive orders, his regulators’ open hostility toward America’s economic system, and the return to Progressive-era antitrust enforcement will stifle growth. All the ingredients will e present to turn the current inflation into stagflation.  By 20121, some 3 ½ years after the recession ended, federal spending was still 22% of GDP, then the fourth-highest post-war level.  While Obama Care’s taxes harmed the economy, the wet blanket of his regulatory burden smothered the recovery, long before the 2013 tax increases.  While some 279,000 federal regulators churning out more than 650,000 pages in his Federal Registers, Mr. Obama bound the economy in red tape and imposed 50% more costly “major rules” than had ever been issued.  If new stimulus spending and monetary accommodation is employed to stimulate sagging growth, that stagnation could easily turn into stagflation. | The Wall Street Journal | 12/14/2021 | Phil Gramm and Mike Solon |
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| Fed Maps Out 2022 Rate Increases | The Federal Reserve set the stage for a series of interest-rate increases beginning next spring, completing a major policy pivot that showed much greater concern about the potential for inflation to stay high.  For months, Fed leaders stuck to a view that stronger price pressures this year were caused primarily by supply-chain bottlenecks and would ease on their own. But Fed Chairman Jerome Powell in recent weeks signaled much less conviction about that forecast, and the projections Wednesday suggest most of his colleagues share his concern.  Stocks closed higher as investors welcomed the Fed’s messages. The S&P 500 rose 1.6%, reversing earlier declines and ending the day near a record. The Dow Jones Industrial Average added about 383 points, or 1.1%. The Nasdaq Composite Index surged 2.2%. Treasury yields rose as well.  One immediate sign of officials’ increased urgency: they approved plans that will more quickly scale back their pandemic stimulus efforts, ending a program of asset purchases by March instead of June. That opens the door for them to start raising rates at their second scheduled meeting next year, in mid-March.  The Fed wants to end the asset purchases, a form of economic stimulus, before it lifts its short-term benchmark rate from zero to prevent inflation from staying too high.  Questions remain over the tightness in the job market, especially because it is hard to tell how many people might have left the workforce for good. Over the three months ended in November, the unemployment rate fell by 1 percentage point, to 4.2%. | The Wall Street Journal | 12/16/2021 | Nick Timiraos |
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| Chinese Economic Activity Bogs Down  *November data reflect property slump, slow consumption upturn; factory output climbs* | Leading indicators of consumption and investment activity weakened further from October, while factory production rose at a faster pace in November as a power crunch eased, China’s National Bureau of Statistics said Wednesday.  The latest economic data point to a further slowdown in China’s economy that began to sputter in the third quarter on the back of a power crunch that curbed factory output, and sporadic Covid-19 outbreaks that hit consumption.  Beijing is likely to set a growth target of 5% or higher for 2022, which could motivate local governments to ramp up fiscal spending to hit gargets…  However, economists widely expect that a trio of headwinds highlighted by authorities at last week’s meeting – contracting demand, supply-side shocks, and weakening expectations – could be exacerbated in the coming months by uncertainty surrounding the Omicron Covid-19 variant. | The Wall Street Journal | 12/16/2021 | Stella Yifan-Xie |
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| U.S. Farmers Shift Plans As Fertilizer Prices Soar | Fertilizer prices have more than doubled over the past year, …  A global shortage of the chemical ingredients used to make fertilizer, widely applied to soil to boost corn and wheat yields, has sent fertilizer prices soaring.  Lower grain production could translate to higher prices for farm commodities like corn, analyst and farmers said. They added that higher costs for such commodities would further inflate prices of pantry staples like cereal and cooking oil, as well as beef and other meat, because producers rely heavily on grain to feed livestock and poultry. | The Wall Street Journal | 12/16/2021 | Patrick Tomas and Kirk Maltais |
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| Stocks Rise After Fed Rate Shift | All three major indexes turned higher after the afternoon release of a much-awaited Fed statement, published at the end of a two-day policy meeting…  Fed officials voted to hold rates near zero Wednesday, but most signaled they were ready to lift their short-term benchmark rate at least three times next year.  Stocks had pulled back this week as investors awaited the update from the central bank.  The market’s reaction to the Federal Reserve’s statement was “almost like a sigh of relief,” said Anu Gagger, global investment strategist at Commonwealth Financial Network. “It’s like that uncertainty has been lifted.”  The S&P 500 gained 75.76 points, or 1.6%, to 4709.85, closing less than 0.1% away from a record. Ten of the U.S. stock benchmark’s 11 sectors rose, while the energy group declined. The Dow Jones Industrial Average rose 383.25 points, or 1.1%, to 35927.43. The Nasdaq Composite climbed 327.94 points, or 2.2%, to 15565.58.  U.S. inflation hit a 39-year high in November, and producer prices jumped. | The Wall Street Journal | 12/16/2021 | Karen Langley and Anna Hirtenstein |
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| Energy Crisis In Europe Intensifies | Cold-weather forecasts launched natural-gas prices to records this week and propelled electricity markets to levels rarely experienced in Germany, France and the U.K.  The changes of a gusher of Russian gas arriving to swell depleted supplies by spring, meanwhile, are fading after Moscow massed troops on its western flank.  Rocketing prices for gas – second to nuclear as a source of electricity in Europe – sent power prices higher across the continent this week. Adding to the toll on industry prices for carbon permits, which utilities and other energy guzzlers have to buy to cover green-house-gas emissions, have also leapt. | The Wall Street Journal | 12/16/2021 | Joe Wallace |
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| Tech Sector Drives Down Stock Indexes  *Adobe falls 10% after disappointing guidance; big options expiration due Friday* | A sharp fall in shares of technology companies pushed major U.S. stock indexes lower, continuing a turbulent stretch for some of the biggest companies in the market.  The S&P 500 fell 41.18 points, or 0.9%, to 4668.67, with losses accelerating in the late afternoon. The broad stock-market gauge has fallen in three of the past four trading sessions. The Nasdaq composite shed 385.15 points, or 2.5%, to 15180.43. The Dow Jones Industrial Average slipped 29.79 points, or 0.1%, to 35897.64.  The tech sector has been particularly turbulent, as investors have rejiggered their outlooks on growth companies and fled some of the most crowded bets. The tech-heavy Nasdaq notched its fourth consecutive session of moves greater than 1% in either direction.  Many traders have turned to bullish options this year to bet on a stock-market ascent, driving up the number of contracts outstanding. At times, these options expiration dates have stoked volatility.  Brent-crude futures, the benchmark in international oil markets, rose 1.5% to $75.02 a barrel. Yields on 10-year Treasury notes ticked down to 1.422% from 1.460% Wednesday. | The Wall Street Journal | 12/17/2021 | Gunjan Banerji and Joe Wallace |
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| Central Banks in Europe Take Different Tacks on Rate Path | Europe’s foremost central banks took diverging policy paths a day after the Federal Reserve set the stage for rate rises in 2022, differing approaches that underscore the challenges for policy makers as they balance surging inflation and renewed risks to growth from the fast-spreading Omicron variant of the coronavirus.  The Bank of England became the first of the world’s major central banks to raise its benchmark interest rate since the pandemic began, while the European Central Bank said it would phase out an emergency bond-buying program while ramping up other stimulus measures to keep the 19-nation eurozone’s recovery on track.  Fed officials on Wednesday set out plans to accelerate the withdrawal of stimulus and signaled they expect to raise interest rates three times next year, a major policy pivot that reflects heightened concern about the potential for inflation so stay high. | The Wall Street Journal | 12/17/2021 | Jason Douglas and Tom Fairless |
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| Inflation Woes Sink Turkish Stocks, Lira | Mainstream economists have urged the government to raise interest rates to control Turkey’s rising inflation, which reached more than 21% last month, officials statistics show.  The lira’s continuing decline is increasingly squeezing ordinary Turks, who have seen their savings evaporate. It also id adding to pressure on the banking system, which has high levels of foreign-currency denominated loans to repay within the next 12 months.  Economists estimate that Turkey’s central bank has more foreign-currency liabilities than assets, giving it little firepower to steady the lira through intervention.  The plummeting lira makes it more likely that Turkey will need to implement capital controls – measured to restrict or even prohibit the flow of money out of the country… | The Wall Street Journal | 12/18-19/2021 | Caitlin Ostroff and Jared Malsin |
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| Central Banks Seek To Temper Inflation | Central banks across swaths of the globe are continuing to raise interest rates in An effort to tame inflation, largely dismissing for now the threat to economic growth posed by the spread of the highly infectious Omicron variant.  A rate rise announced by Russia’s central bank Friday was its seventh this year and brought the increase in its key interest rate to 4.25 percentage points since March.  A number of central banks in Eastern Europe and Latin America raised their key interest rates, but their counterparts in Southeast Asia left theirs unchanged.  That may change in 2022, since developing economies usually find it difficult to avoid following the Federal Reserve, which has signaled it will likely raise its key rate three times next year.  Policy makers in parts of Asia are less worried that inflation will surge, partly because they have seen fewer interruptions to supply chains…  Many are nursing recoveries that have proven fragile amid a recent surge in Covid-19 infections. For them, the Omicron variant is a fresh threat to an already weakened recovery. | The Wall Street Journal | 12/18-19/2021 | Paul Hannon |
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| Stocks Log Losing Week On Concerns Over Rates, Case Count | U.S. stocks ended the week on a downbeat note, with all three major indexes dropping as investors worried about rising interest rates and a surge in Covid-19 cases that is slowing the economic recovery in the U.S. and Europe.  The benchmark S&P 500 posted its largest weekly percentage decline in three weeks. The Dow Jones Industrial Average has fallen in five of the past six trading sessions.  Stocks remain near record levels to end 2021. The spread of the Omicron variant, however, has raised fears of further economic restrictions and a drag on economic activity to close the year. Meanwhile, investors remain worried about an end to the era of low interest rates that have boosted markets, powering the S&P 500 to 67 record closes so far this year.  The S&P 500 fell 48.03 points, or 1%, to 4620.64, on Friday. The Dow industrials weakened 532.20 points, or 1.5%, to 35365.44. The Nasdaq Composite Index swung between small gains and losses, ending the day down 1075 points, or less than 0.1%, to 15169.68.  Fast-growing tech names have been pressured by the prospect of higher interest rates, which make it less appealing to hold riskier assets.  Some investors have turned their attention to how higher rates will affect value stocks, which tend to perform better when rates go higher.  The yield on the benchmark 10-year U.S. Treasury note fell to 1.401% Friday, the lowest yield in two weeks.  Bitcoin and other cryptocurrencies fell. Bitcoin recently traded at $46,945.82, down 2.5% from its level at 5 p.m. ET Thursday.  In commodity markets, Brent crude, the global oil benchmark, fell $1.50, or 2%, to $73.52 a barrel. Gold prices gained 0.4% to $1803.80 a troy ounce. | The Wall Street Journal | 12/18-19/2021 | Hardika Singh and Will Horner |
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| High Inflation Needs a Policy Solution | In public statements, President Biden has attributed inflation to supply-chain bottlenecks and temporary price spikes on cars and price-gouging by businesses. Supply bottlenecks have clearly pushed up prices, but robust growth in aggregate demand d riven by excessive monetary and fiscal stimulus has been a primary source of inflation.  The costs co rents and owner’s equivalent rents (or OER) by far the largest share of the CPI, have risen only 3.5% and 3% in the past year, a fraction of the 14.3% rise in Zillow’s Observed Rent Index and the 19.5% increase in the Case-Shiller Home Price Index. Because of how they are calculated, OER and rents are notorious laggards and will pick up sharply at least through the end of 2023.  Rising inflation is driving real interest rates deeply negative while the M2 money supply continues to rise 13% year-over-year and is up 38% since February 2020. | The Wall Street Journal | 12//20/2021 | Mickey D. Levy |
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| Manchin Is a ‘No’ On Big Spending Package | Sen. Joe Manchin (D., W.Va.) said he would oppose his party’s roughly $2 trillion education, healthcare and climate package, likely dooming the centerpiece of President Biden’s economic agenda as currently written. | The Wall Street Journal | 12/20/2021 | Andrew Duehren, Lindsay Wise and Michael C. Bender |
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| What’s News | ♦ Lumber prices have shot up again in a rise reminiscent of a year ago, when climbing wood prices warned of strained supply lines and broad inflation to come. | The Wall Street Journal | 12/20/2021 |  |
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| What’s News | ♦ Supply-chain disruptions are threatening to rob some companies of holiday sales, leaving hem short on packaging and transportation at a critical time of year. | The Wall Street Journal | 12/20/2021 |  |
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| What’s News | ♦ Chinese companies are laying off tens of thousands of workers as Beijing’s regulatory clampdowns weigh on the technology, education and property sectors. | The Wall Street Journal | 12/20/2021 |  |
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| Central Banks Now Worry Surge Keeps Prices High | The Omicron variant is circling the globe, closing borders and sparking new restrictions on economic activity. Yet central banks, instead of loosening monetary policy to prop up their economies as they did at the start of the pandemic, are moving to unwind stimulus and raise interest rates.  Central-bank officials worry that rather than simply threatening to curtail economic growth, a surge in Covid-19 cases could also prolong high inflation.  Now, new case surges are having much less severe impacts on spending and job creation. Instead, they are threatening to prolong supply-chain disruptions and keep inflation elevated.  The shift in officials’ thinking has been under way for a few months. Mr. Powell told Congress in November that fears surrounding Omicron “could reduce people’s willingness to work in person, which would slow progress in the labor market and intensify supply-chain disruptions.”  The European Central Bank also believes that the new variant’s impact is likely to be much less severe than during the first wave. | The Wall Street Journal | 12/20/2021 | David Harrison and Paul Hannon |
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| What’s News | ♦ Major U.S. stock indexes declined for the third consecutive trading session, as the fast-spreading Omicron coronavirus variant spurred fears that new lockdowns could derail the sputtering global economic recovery. The Dow and Nasdaq both retreated 1.2% and the S&P 500 shed 1.1%. | The Wall Street Journal | 12/21/2021 |  |
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| Market Flashes Warning As Few Stocks fuel Gains | Five of the biggest stocks in the S&P 500 account for more than half of the broad benchmark’s gain since April, analysts at Goldman Sachs found. Of the S&P 500’s 24% advance this year, those stocks – Microsoft Corp., Nvidia Corp., Apple Inc., Alphabet Inc. and Tesla Inc. – are responsible for around a third.  That has the S&P 500 – and the more than $5 trillion that follow it through passive funds – on precarious footing heading into the new year, several analysts and investors said.  The S&P 500 fell nearly 2% last week, as shares of Microsoft, Nvidia, Apple, Alphabet and Tesla all slid at least 4.2%.  Investors appeared to be trading out of those stocks and shares of other high-growth companies in favor of more defensive holdings, such as consumer staples and utilities… | The Wall Street Journal | 12/22/2021 | Michael Wursthorn |
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| It’s Time for the Fed to Go Old School | The good news is that the Federal Reserve now recognizes that persistent high inflation threatens to overshadow the prospects for real economic growth.  If the most prominent factor behind the continuing high inflation is constricted supply in the face of strong demand, why would the Fed opt to fight inflation by slowing the economy? That’s what paying banks more to leave their financial resources sitting idle will do.  In short, when emergencies arise that require the central bank to intervene in financial markets as lender of last resort, it is important to ensure that its presence in those markets doesn’t become a permanent feature of the economic landscape. Commercial banks shouldn’t be induced to maintain deposits at the Fed, nor should Treasury yields convey misleading price signals. | The Wall Street Journal | 12/23/2021 | Judy Shelton |
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| Companies Plan More Dividends, Share Buybacks | Sitting atop a haul of strong earnings, companies are planning to spend even more in 2022 on share buybacks and dividends, a trend finance executive don’t expect to slow despite a proposed 1% excise tax on repurchases.  Companies in the S&P 500 held $3.78 trillion in cash and cash equivalents at the end of the third quarter, up from $3.41 trillion a year before and $2.19 trillion from the 2019 period, according to data provider S&P Global Market Intelligence.  Businesses repurchase their stock and pay out dividends to return cash to shareholders.  In November, the House passed a $2 trillion spending package that would introduce a 1% tax on the amount companies spend to buy back shares. But the legislation faces hurdles in the Senate. | The Wall Street Journal | 12/23/2021 | Mark Maurer |
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| S&P 500 Scales Another High | The S&P 500 rose 0.6%, or 29.23 points, to 4725.79, its 68th record close in 2021. Thursday’s rise, its third consecutive daily increase, followed a Wednesday session during which strong economic data helped ease investors’ concerns about the risks posed by Covid-19 and inflation.  The Nasdaq Composite rose 0.85%, or 131.48 points, to 15653.37. The Dow Jones Industrial Average added 0.55%, or 196.67 points, to 35950.56.  Data from the Commerce Department showed that U.S. consumer-spending growth cooled last month.  Higher inflation and low yields on government bonds have dissuaded some investors from holding them this year, due to diminished returns on keeping them to maturity. The yield on the benchmark 10-year Treasury note ticked up to 1.492% from 1.457% Wednesday. Yields rise when prices fall. | The Wall Street Journal | 12/24/2021 | Dave Sebastian and Caitlin Ostroff |
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| Gigantic Stocks Are a Reason to Worry | One obvious reason is that even passive investors are increasingly betting on just a handful of stocks vulnerable to a dud product or regulatory setback.  Aside from the concentration risk, the rise of megacompanies has been bad for stock returns in general. Apple and the other nine largest constituents of the S&P 500 comprise nearly 30% of its market value…  The trailing price-to-earnings ratio of the S&P 500 top 10 constituents in November was 68% above their average multiple over the past quarter-century, which includes the tech bubble years, according to J.P. Morgan Asset Management.  While there is no way to say when the next market tumble will happen, one way to soften the blow while remaining invested is to recognize that recent winners tend to be relative losers and to bet accordingly. | The Wall Street Journal | 12/27/2021 | Spencer Jakab |
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| Economic Forecasts Slide as Omicron Takes Toll | A winter surge in covid-19 cases driven by the Omicron variant is prompting economists to downgrade U.S. and global growth expectations in the early part of 2022 as businesses struggle with absenteeism and consumers stay home to avoid getting sick.  Several economists have recently cut forecasts for the U.S. following early signs that a sharp rise in cases has already disrupted parts of the economy. | The Wall Street Journal | 12/28/2021 | Harriet Torry and David Harrison |
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| ‘Santa Rally’ Buoys Tech Shares  *S&P 500 sets 69th record close of year; Nasdaq, Dow Jones industrials also rise* | The S&P 500 rose 65.40 points, or 1.4%, to 4791.19, setting its 69th record close of 2021. The tech-focused Nasdaq composite Index advanced 217.89 points, or 1.4%, to 15871.26, while the Dow Jones Industrial Average gained 351.82 points, or 1%, to 36302.38.  The last five trading days of the year and the first two trading days of the new year comprise the “Santa Claus Rally” in trading lore, as detailed in “Stock Trader’s Almanac.” It isn’t a big rally, on average adding about 1.3%, but it is consistent, showing up about 80% of the time.  Markets sagged in recent weeks over concerns that the rapid spread of the Omicron variant could harm the economy… | The Wall Street Journal | 12/28/2021 | Caitlin Ostroff and Paul Vigna |
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| Freight Costs Prompt Permanent Changes | The retailers, manufacturers and distributors, including smaller businesses struggling to keep up with well-capitalized competitors, are responding to a squeeze on transportation space as companies have rushed over the past year to replenish pandemic-depleted inventories.  Big operators with deep resources such as Home Depot Inc. and Walmart Inc. have taken expensive steps such as chartering ships, but midsize and smaller companies have fewer resources to draw on. | The Wall Street Journal | 12/28/2021 | Lydia O’Neal and Jennifer Smith |
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| Blame the Year’s Bad Weather for a Lot of Recent Inflation | Policy makers and investors have debated the effects of fiscal and monetary policy on inflation, but a big reason for rising prices this year have been factors that neither lawmakers nor central banks can do much about. Prices for natural gas, lumber, corn, soybeans, wheat and other building blocks of modern commerce surged to multiyear highs – in some cases records – because of fire, freezes, flood, drought, hurricanes and some of the hottest weather ever.  Weather is always at play in commodities markets. | The Wall Street Journal | 12/29/2021 | Ryan Dezember |
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| Treasury Yields Could Still Surprise | In theory, the 10-year Treasury yield is supposed to reflect what investors think the return on money continually invested at the risk-free overnight rate set by the Federal Reserve will be, adjusted for a “term premium” – the fudge factor investors build into the yield as insurance against the risk that their rate forecasts are wrong.  Investors may be so conditioned to extremely low rates that they will be very surprised by where rates eventually go. | The Wall Street Journal | 12/29/2021 | Justin Lahart |
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| S&P 500’s Energy Sector Bounces Back | The S&P 500 index’s energy sector is on pace for the biggest percentage gain on record, marking a comeback for a sector hard hit by early pandemic shutdowns.  The energy sector has gained 48% so far this year from a rebound in consumer travel, beating its last record of around 25% in 2016, according to FactSet Data going back to at least 1990. Prices for U.S. crude and the global oil benchmark Brent crude have also gained over 50% this year. | The Wall Street Journal | 12/30/2021 | Hardika Singh |
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| Shifts Away From Libor Gains Pace – for Most | Wall Street’s shift away from the London interbank offered rate takes effect at the start of the new year. Some companies are more prepared for it than others.  Large U.S. financial institutions have been readying themselves for the transition for years.  Meanwhile, nonfinancial companies and smaller institutions such as regional banks are in varying stages of picking a replacement rate and updating their systems to handle the switch, analysts say. | The Wall Street Journal | 12/31/2021 | Sebastian Pellejero and Mark Maurer |
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| Strong Labor Market Confronts Omicron | U.S. employers added a record number of jobs in 2021…  But the pace of labor market gains could slow early next year due to the uncertainty posed by the covid-19 Omicron variant…  Applications for unemployment benefits, a proxy for layoffs, have trended near five-decade lows in recent weeks.  Strong job creation has been a cornerstone of 2021’s robust economic growth and would be relied upon to underpin gains next year in the race of headwinds tied to the prolonged pandemic, elevated inflation and supply shortages. | The Wall Street Journal | 12/31/2021 | Gwynn Guilford and Bryan Mena |
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| Stocks Score Big In a Year Marked By Wild Swings | Even with the recent turbulence from the Omicron coronavirus variant, the S&P 500 is headed toward a 27% advance for 2021 and has hit 70 highs. It is the third straight year of double-digit gains for the broad index…  Some traders noted that warning signs are flashing. Inflation could turn companies’ and customers’ finances upside down.    Big-name stocks continue to log giant one-day swings. However, individual traders and institutional investors are hungry to take bigger risks and willing to accept bouts of volatility. | The Wall Street Journal | 12/31/2021 | Gunjan Banerji |
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| Stocks notch big yearly gain for 3rd straight year | The S&P 500 finished with a gain of 26.9% for the year, or a total return of about 29%, including dividends. That’s nearly as much as the benchmark index gained in 2019. The Nasdaq composite, powered by Big Tech stocks, climbed 21.4% in 2021. The Dow Jones Industrial Average gained 18.7%, with Home Depot and Microsoft leading the way.  A wave of consumer demand fueled by the reopening of economies pumped up corporate profits more than expected in 2021, which helped keep investors in a buying mood. Wall Street also got a boost from the Federal Reserve, which kept its key short-term interest rate near zero all year. | Daily Herald | 01/01/2022 | Alex Veiga |

S&P 500 companies are on track to grow profits by 41.5% year over year. *-Kiplinger, November 24, 2021*

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