

## Beacon Weekly Investment Insights

In what is typically a choppy month, S&P 500 and the Dow Jones Industrial Average were down all four trading days of the holiday-shortened week, however the losses were rather muted at -1.7% for S&P 500 and -2.2% for the Dow. The three factors that kept investors nervous are persistently high Covid cases, poor August jobs report, and the possibility of the Federal Reserve beginning to take away the accommodative monetary policies.

In an attempt to get the rampant pandemic under control and create safe work environments, President Biden announced last week that all federal employees have to get vaccinated. He also ordered the Department of Labor to create a new rule mandating vaccines for employees of large companies with more than 100 workers, or face weekly Covid testing. Many corporations had already begun introducing such mandates prior to the announcement.

While mandatory vaccination in the private workforce is a controversial topic, most Americans back the idea. 80 million Americans who are eligible to get a shot have not received one and only 54% of all Americans are fully vaccinated.

The European Central Bank (ECB) met last week and it kept its monetary policy unchanged (keeping interest rates at 0%), but it signaled that it will gradually slow down the pace of its bond purchase program, ahead of any formal announcement from the U.S. central bank. ECB cited the outlook for higher inflation in its assessment of financing conditions and its decision to “recalibrate” the asset purchase program.

The next Federal Reserve meeting takes place next week on September 21<sup>st</sup> and we will be watching for the all-important signals from the Fed as to their intentions on when and how much they may taper their bond purchasing program. Fed’s formal announcement is expected in November or December. Both ECB and the Fed have been careful to not link any discussion of tapering to an eventual increase in interest rates. We expect the monetary policy to remain supportive of growth on both sides of the Atlantic.

Last week was light in terms of economic data. The August producer price index (PPI) was released on Friday, which showed that the wholesale prices increased by 8.3% on an annual basis, the largest increase on record.

The inflation report that is more important for consumers, the consumer price index (CPI) will be released tomorrow. If it is hotter than expected, it could cause the Fed to begin paring back its easy monetary policies sooner than planned.

Other important economic data to be released this week includes industrial production on Wednesday, retail sales on Thursday and the latest consumer sentiment report on Friday.

As we discussed during our quarterly investment webinar last week, the Congress will begin to hammer out the details of the physical and human infrastructure plans when they return from recess next week. Any proposed increases in individual and corporate income tax rates to pay for additional fiscal stimulus will be watched closely as it could have an impact on business confidence, corporate earnings, and financial assets.

To end on a solemn note, this year marks the 20<sup>th</sup> anniversary of the 9/11 attacks. We remember and honor those who lost their lives on that tragic date.

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<b>Market Scorecard:</b>	<b>9/10/2021</b>	<b>YTD Price Change</b>
Dow Jones Industrial Average	34,607.72	13.07%
S&P 500 Index	4,458.58	18.70%
NASDAQ Composite	15,115.49	17.28%
Russell 1000 Growth Index	2,896.32	19.30%
Russell 1000 Value Index	1,572.93	16.55%
Russell 2000 Small Cap Index	2,227.55	12.80%
MSCI EAFE Index	2,381.44	10.89%
US 10 Year Treasury Yield	1.34%	42 basis points
WTI Crude Oil	\$69.72	43.69%
Gold \$/Oz.	\$1,792.10	(5.34%)

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