

Good morning!

This may not be inflation similar to what the US experienced in the late 70s, but for a generation of Americans, *this is unfamiliar territory*. Inflation, as measured by the “Consumer Price Index” (CPI), was up +6.81% on a year-over-year basis as of 11/30/21. That’s the highest number recorded in America since 1-year inflation was up +7.06% as of 6/30/82 or 39 ½ years ago. The United States is still below the double-digit inflation we suffered from 1978-1981 when inflation averaged a painful +10.9% per year over the 4-year period (source: Department of Labor).

The “to-do” list for Congress may still include the massive “Build Back Better” bill and new spending limits for the fiscal year that started 2 ½ months ago, but you can remove the debt ceiling limit off that list. Republicans agreed to suspend their right to filibuster the debt ceiling debate, a *one-time political carveout* never used before. Democrats by themselves are now expected to raise the limit, currently at \$28.9 trillion, to something close to \$32 trillion, tabling the issue until after the November 2022 midterm elections. When Barack Obama took office in January 2009 (about 13 years ago), our national debt was \$10.6 trillion or *one-third* of where we will be in just one year (source: Congress).

A year ago (12/21/20), Barron’s published the year-end 2021 forecasts for the S&P 500 made by 10 top Wall Street strategists. The 10 predictions ranged from a low of 3800 to a high of 4400. The stock index’s 12/31/20 actual close was 3756. The S&P 500 closed last Friday 12/10/21 at 4712, an all-time high for the stock index and its 67th record close this year (source: Barron’s Magazine).

Notable Numbers for the Week:

1. **ONE-PER CENT** - To rank in the top 1% of US taxpayers for the 2019 tax year required adjusted gross income (AGI) of at least \$546,434. That highly paid group received 20.14% of all AGI that was reported nationwide but they paid 38.77% of the federal income tax that was collected (source: IRS).
2. **IMPACTING MANY** - 45% of American households surveyed in November 2021 indicate that rising domestic inflation has caused them “moderate” or “severe” hardship (source: Gallup).
3. **AS LONG AS I'M HERE** - Just 1 out of every 11 employees (9%) who were auto-enrolled in their companies’ 401(k) plans opt out of their participation in the pre-tax retirement plan (source: Fidelity).
4. **MOSTLY OLDER FOLKS** - As of 12/01/21, 75% of the COVID-19 deaths that have occurred in the United States since January 2020 were decedents at least age 65. Just 7% of the COVID-19 deaths were decedents less than 50 years old (source: Centers for Disease Control and Prevention).

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12/13/21 Monday