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INVESTMENT SERVICES

E-News
Sept 2021

Topics:

School Is Back

NextGen Under 30

COVID-19 Tracker Update

Stats of the Month

The Markets

Opportunity Sets

Quotes of the Month

Riddle of the Month (And Yes “Googling” Is Cheating)

School Is Back



If you are reading this, the good news is that you have survived Summer 2021!!! For many, school is back in session. My girls (Deryn and Hadyn pictured above at OU Bid Day 2021) are both at OU this semester, so for those of you paying college tuition and fees, trust me when I say “I feel your pain!” They are both looking forward to again attending classes in person. I hope this plan works!!!

NextGen Under 30

This past month we learned that one of our own was awarded the NextGen Under 30 award! NextGen Under 30 Oklahoma recognizes individuals who demonstrate talent, drive, and service to their communities. The NextGen

Under 30 Leadership and Award Recognition Program was founded in 2011 and has received over 1,678 nominations as there are many talented young individuals living in Oklahoma.

In just ten years, the NextGen Under 30 program has expanded throughout Oklahoma, with 1,811 award winners selected from 8,678 nominees, from over 421 different companies and organizations located in cities and towns across the entire State of Oklahoma. The NextGen under 30 mission has been to identify and honor these very talented young Oklahomans as a way of encouraging them to follow their lifetime family and career goals in Oklahoma.



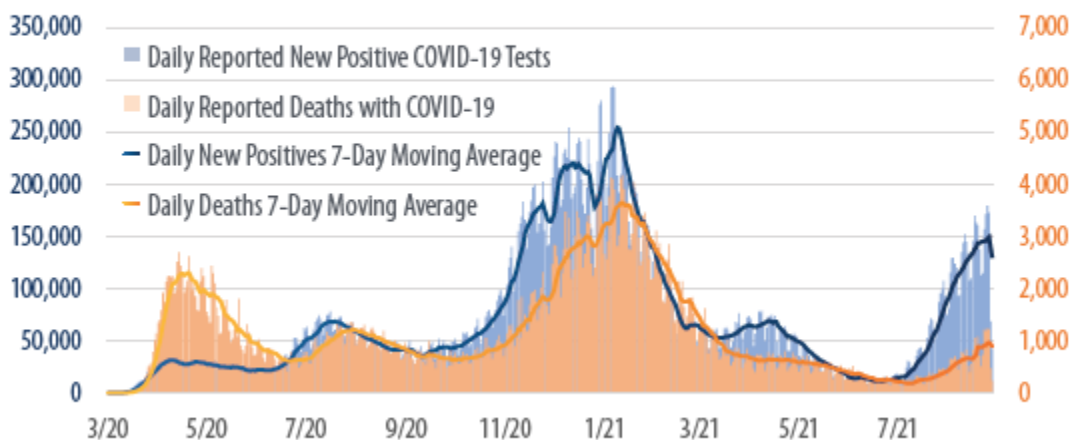
Dillon Lambert embodies the desired attributes in award winners. He is an innovative leader, an energetic learner, and a loyal confidant in his personal life and his career. As a member of the team in his 5th year at Ryan Hobbs Investment Services, Inc., he's proven as an invaluable resource. We are proud of his accomplishments and look forward with great anticipation to his success in the future! CONGRATULATIONS DILLON!

COVID-19 Tracker Update

This update will as much as humanly possible focus on available facts and will avoid making conclusions as to cause, or lack thereof, and presenting opinions. I wish you safety and sanity as we continue to deal with the virus.

Daily Reported New Positive COVID-19 Tests vs. Daily Reported Deaths from COVID-19 in the U.S.

March 1, 2020 - August 29, 2021

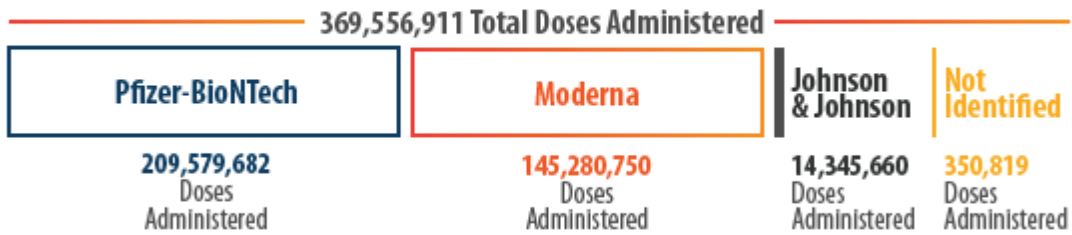


Sources: CDC.gov, First Trust Advisors

The data clearly shows the upward trend in cases since the low in May/June 2021.

U.S. COVID-19 Vaccine Doses Administered by Vaccine Type

As of August 30, 2021

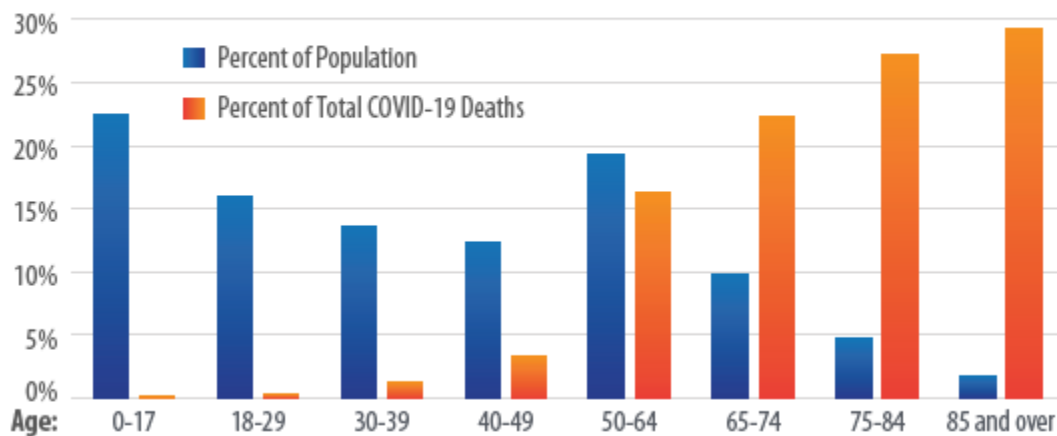


Sources: CDC.gov, First Trust Advisors

Vaccine administrations continue to rise with the Pfizer-BioNTech being the most popular.

COVID-19 Deaths by Age vs. Share of Population in the U.S.

As of August 25, 2021



Sources: CDC.gov, Census.gov (population estimates 4/1/20), First Trust Advisors

The vast majority of COVID deaths have occurred in older Americans.

Never-infected people who were vaccinated in January and February were, in June, July, and the first half of August, 6-13 times more likely to get infected with the Delta variant than unvaccinated people who were previously infected with the coronavirus during January and February of 2021. The risk of developing symptomatic COVID-19 was 27 times higher among the vaccinated, and the risk of hospitalization 7 times higher than in previously infected individuals. This study indicates that natural immunity confers longer lasting and stronger protection against the Delta variant of Covid-19 than two doses of the Pfizer vaccine in Israel.¹

¹Source: medrxiv.org (August 25, 2021)

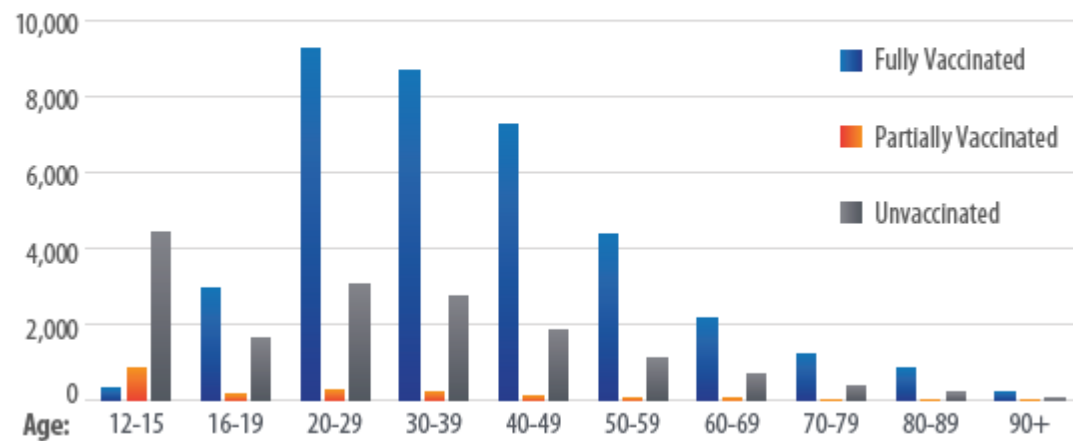
This is much more controversial topic. Note that this is from Israel, where

Many in healthcare would find the results of this study troubling and hard to reconcile with the anecdotal evidence we are seeing here in the US. According to timesofisrael.com, Israel will now require a 3rd booster

shot for all people 12 years and older 6 months after their 2nd vaccine does in order to renew their “Green Pass,” a document that allows entry into certain gatherings and public places for those who are vaccinated or have recovered from the coronavirus beginning 10/2/2021. The charts below seem to provide evidence that fully vaccinated people are still being infected and still being hospitalized. An important metric NOT provide is the percentage of people who are and are not vaccinated. Without that, it’s impossible to assess the worth of this information

Israel Current Active COVID-19 Patients by Age and Vaccination Status*

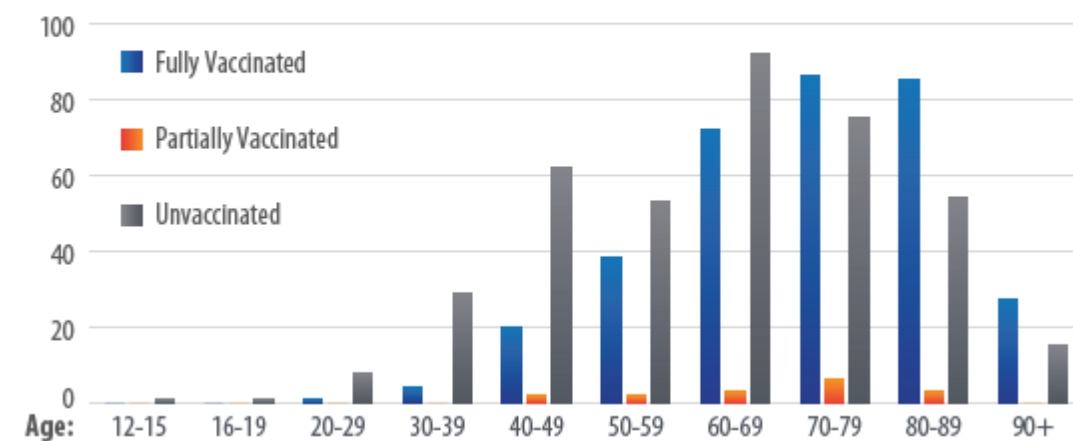
As of August 31, 2021



Sources: Israel Ministry of Health, First Trust Advisors

Israel Current Hospitalized/Seriously Ill COVID-19 Patients by Age and Vaccination Status*

As of August 31, 2021



Sources: Israel Ministry of Health, First Trust Advisors

I have been told that locally a large percentage of the COVID related hospitalizations are unvaccinated patients. That squares with the following information for Washington State COVID-19 cases:

was paid by insurance companies, and the remaining 10% was paid by other third parties including employers that maintain self-insured plans. Separating the payor and payee = a recipe for higher costs.

99 to 5 – Phoenix was the 99th largest US city in 1950 (106,818 people). Phoenix is the 5th largest US city today (1.61 million people), per the 2020 US census

Help Wanted – American employers had 10.1 million job openings as of 6/30/21, an all-time record for an employment statistic that has been tracked by our government since December 2000. Domestic employers had 6.9 million job openings as of 2/29/20 at the beginning of the global pandemic.

Help Needed – 43% of Americans under age 35 receive financial help from their parents or other family members when they purchase a home, e.g., money used for a down payment.

Increasing The Emergency Fund – The personal savings rate in the US was a record 33.8% in April 2020 as Americans reacted to the COVID-19 pandemic outbreak. The personal savings rate in the US was 9.4% in June 2021. Before the pandemic, the personal savings rate was above 10% during just 1 month since 1993. The personal savings rate is defined as "savings" (i.e., after-tax income less consumption spending) divided by after-tax income.

All In 1 Day's Work – New York Met baseball player Pete Alonso won \$1 million for winning the 2021 Home Run Derby in Denver. Alonso will earn \$676,775 playing for the Mets for the 2021 regular season.

Sources: American Enterprise Institute, Legal & General, MLB, Pandemic Unemployment Assistance, Rand Corp., US Census Bureau, US Dept of Labor

The Markets

Stocks rallied during August, fueled by an improving labor market, strong corporate earnings, and clarity on Fed tapering plans.

US Market Highlights

Consumer Confidence	↑
Jobs	↑
Consumer Spending	↑
GDP	↑
Interest Rates	↑ ↓
US Stock Market	↑

Global Market Highlights

MSCI EAFE-International Stocks	↑
Emerging Markets	↑
Oil	↑
COVID Vaccine Progress	↑
Japan & China	↑ ↓
Inflation	↑

Here are the selected updated market stats:

Index	8/31/2021	12/31/2020	12/31/2019	12/31/2010	12/31/2000
DJIA	35,361	30,606	28,538	11,578	10,788
NASDAQ	15,259	12,888	8,973	2,653	2,292
S&P 500	4,523	3,756	3,231	1,258	1,320
MSCI EAFE	2,356	2,148	2,037	1,658	1,405
10 Yr UST Yield	1.30%	0.91%	1.77%	3.31%	5.11%

** Source: Yahoo Finance, MSCI.com

Summary

Signs of an improving labor market, strong corporate earnings, and more clarity from the Fed on its tapering plans propelled stocks to multiple record highs during August. Corporate profits in the second quarter were by all measures exceptional. With 98% of companies in the S&P 500 index reporting, 89% beat Wall Street consensus estimates by an average of 17.7%. The companies posted an earnings-per-share growth of nearly 92% over the second quarter of 2020.

The labor market also showed signs of improving health, providing evidence that the economic recovery remained intact. In August, jobless claims reached pandemic lows, while employers added 953,000 jobs in July, and job openings reached record levels.

The month was not without its worries. The global spread of the Delta variant resulted in flashes of investor anxiety that led to temporary pullbacks in stock prices. New COVID-19 cases in the U.S. rose throughout August, raising concerns that spreading infections could derail the economic recovery.

Sector Scorecard

GICS Sectors	Aug %	2021%
Financials	5.1%	31.5%
Communications	5.0%	30.2%
Utilities	4.0%	11.1%
Technology	3.6%	22.4%
REITs	2.9%	32.0%
Healthcare	2.4%	20.1%
Consumer Disc.	2.1%	13.2%
Basic Materials	1.9%	19.1%
Staples	1.4%	9.2%
Industrials	1.1%	18.8%
Energy	-2.0%	30.8%

For the second straight month, energy was the only industry sector under pressure losing 2%. Gaining sectors, led by financials and communications again produced a big gap between winners and losers.

The Fed

Near month end, Fed Chair Jerome Powell stated that the Fed might begin to pare back its monthly bond purchases before year-end. Powell's update followed multiple comments from regional Federal Reserve Bank presidents indicating their support for reducing bond purchasing. It's important to note that Powell said that tapering should not be seen as an indicator of future changes in interest rates.

Since the early days of the pandemic, Fed Chair Jerome Powell has maintained that accommodative monetary policies would remain unchanged until the economy recovered. He's been clear that the Fed would be very transparent in communicating monetary policy changes well ahead of implementing them to allow the capital markets sufficient time to digest any change.

Comments by a number of Federal Reserve Bank regional presidents last month may have heralded the beginning of a communication plan. First, the Federal Reserve Banks of Atlanta and Richmond made comments, suggesting that the time to begin tapering was nearing. This was followed days later by remarks from the Federal Reserve Banks of Dallas and Kansas City, indicating that the economy had progressed enough to commence tapering as early as October. Talk of tapering grew louder with the August 18th release of the

FOMC (Federal Open Market Committee) meeting minutes, suggesting that the Fed may be ready to scale back its bond purchases before year-end. Finally, a speech by Fed Chair Jerome Powell near the end of the month confirmed that the Fed was getting closer to the start of tapering. Powell indicated that tapering could begin before year-end in his prepared comments, though he cautioned against connecting tapering with an interest rate hike.

World Markets

A strong U.S. equity market helped push international stocks higher as well. Highlights included strong gains in Europe with Germany, the U.K., and France all posting positive numbers. Elsewhere Japan was particularly strong, but China has not as governmental intervention has been seen by investors as a negative.

In Asia, COVID outbreaks resulted in the closing of some shipping ports. Vietnam partially halted manufacturing, and Japan extended its lockdown protocols. These actions raised concerns about their supply chain impact and what it may mean for inflation and economic growth.

What Investors May Be Talking About in September 2021

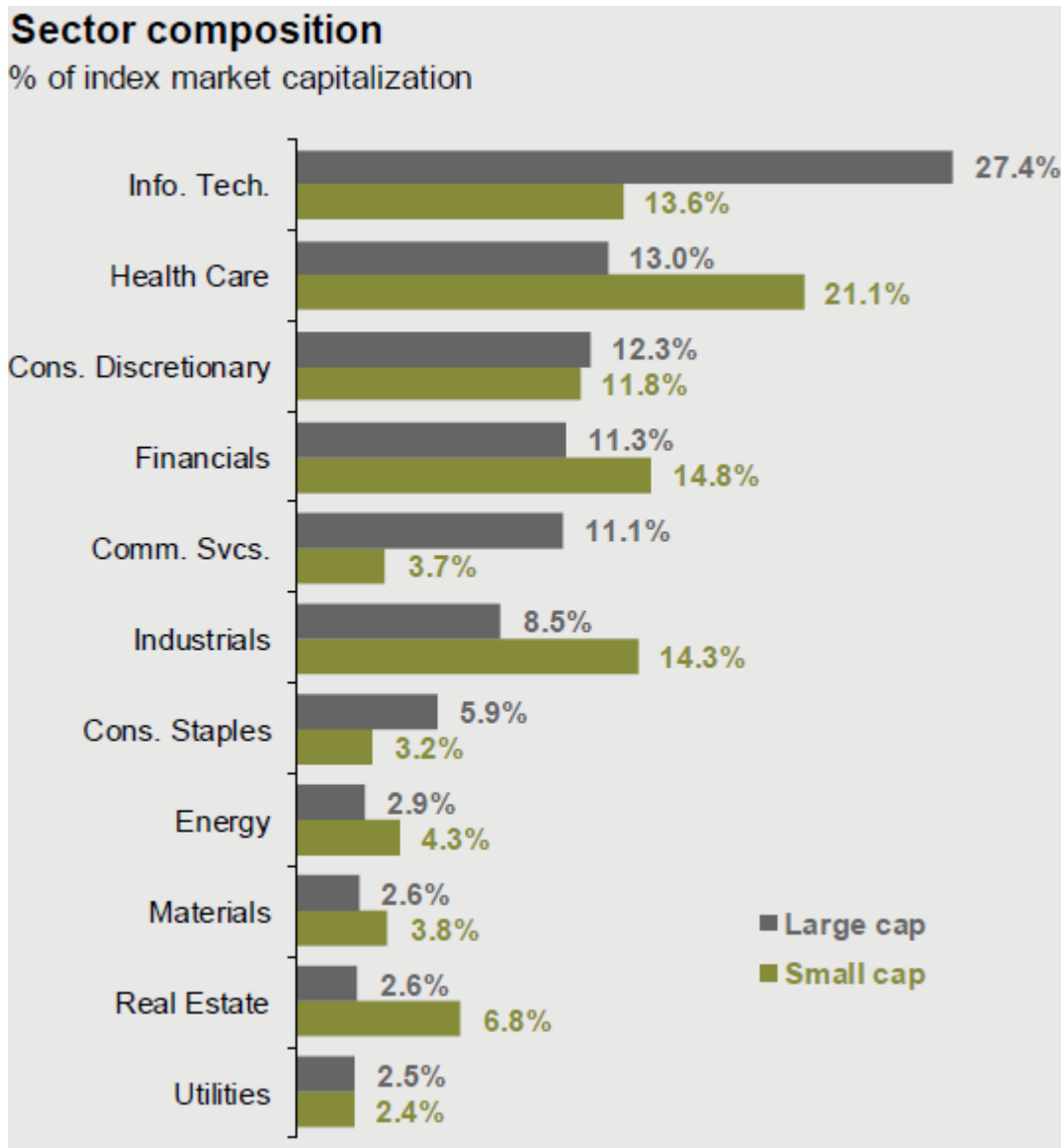
For many market observers, the Fed appears to be signaling that its September meeting may lead to changes in language and policy. The two-day meeting ends on September 22nd, and there is no doubt that investor eyes and ears will be trained upon it.

Another topic sure to dominate the news will be COVID-19 and the much-discussed delta variant. Two of our local schools have been closed for in-person learning due to infections within the students and teachers. What happens next is literally the multi-trillion \$ question? Investors remain anxious as local, state, and federal entities weigh further restrictions.

I would take this time to remind you that the market performance since the outbreak of COVID has been historically good for us as investors. Those who exited markets during 2020 have been severely punished in the form of missed investment returns. I have no doubt that the news will contain negatives (statistics tell me that ~85% of news that we see on TV is in fact about bad news), but that does not mean that progress is non-existent. Advances in fields from finance to medicine, from manufacturing to energy production continue to innovate to our benefit. Smart investors know that negative news may affect the markets for a time, but that those times have always been followed by a recovery and future new market highs. Keeping our focus on the long-term while preparing with the short-term contingencies has always been important for investor success.

Opportunity Sets

When it comes to investments, we often review what we have done and the resulting performance. What is done less often is reviewing what we failed to do and to consider the results that we missed. That's where evaluating the complete opportunity set is important. Below is a graphic that illustrates the opportunity set of the US stock market broken down by sector and size:



As this shows, the largest of the sector opportunity sets today exists in the area of information technology, while the smallest exists in utilities. It's amazing to consider how this has changed over the last 2 decades. I remember well when Exxon Mobil was the largest company based on market cap in the United States (2004 - 2011). Guess who was #2 at the time... General Electric. My how times have changed. Now you will note that the entire energy sector represents just over 4% of the S&P 500. If you enjoy history, you might like this: Top 20 US Companies Since 1995 <https://americanbusinesshistory.org/most-valuable-companies-the-last-25-years/>

One thing is certain, change is a constant. By 2011, ExxonMobil was eclipsed by Apple (a company on the verge of bankruptcy valued at almost nothing not too many years prior), who was later eclipsed by Microsoft (Microsoft became the 1st \$1,000,000,000,000 valuation company). By the end of 2020, technology companies occupied spots 1, 2, 3, 4, and 5 on the list.

What companies and sectors will this list favor in the year 2030?

Quotes of the Month

“Happy are those who dream dreams and are ready to pay the price to make them come true.”
 -- Leon J. Suenens

“Kind words are a creative force, a power that concurs in the building up of all that is good, and energy that showers blessings upon the world.”

-- Lawrence G. Lovasik

“Perform at your best when your best is required. Your best is required each day.”

-- John Wooden

“Small deeds done are better than great deeds planned!”

-- Peter Marshall

Riddle of the Month

What do the words Potato, Voodoo, Grammar, Revive and Banana have in common?

Last Month's Riddle

An auto dealership sold 150 cars in a special 6-day tent sale offer. Each day the dealership sold 6 more cars than the day before. How many cars were sold on the 6th day?

Answer:

40. The daily totals were 10, 16, 22, 28, 34, 40 cars.

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Best regards,

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