**Weekly Market Commentary**

**June 1, 2021**

**The Markets**

Are we at a tipping point?

One side effect of the pandemic was a collapse in demand for oil, which led to “the largest revision to the value of the oil industry’s assets in at least a decade,” reported Collin Eaton and Sarah McFarlane of *The Wall Street Journal*.

For good or for bad (depending on your perspective), last week brought another reckoning for big oil as a court ruling and shareholder influence made it clear companies need to revisit their strategies for emissions reductions and clean energy. Here’s what happened:

1. **Do it faster.** In the Netherlands, a court ruled an Anglo-Dutch oil producer would need to lower its emissions by 45 percent from 2019 levels by 2030, far more quickly than the company had intended.

“Analysts said the…ruling could set a precedent for similar cases against the world’s biggest corporate polluters, which may now face related lawsuits and be forced to overhaul their business models,” reported Derek Brower and Anjli Raval of *Financial Times*.

1. **Change direction.** For weeks, a U.S. oil supermajor had done battle with an investment group that holds only 0.02 percent of its shares. The investment group wanted the company “to gradually diversify its investments to be ready for a world that will need fewer fossil fuels in coming decades” rather than focus on carbon capture and storage solutions, reported Sarah McFarlane and Christopher Matthews of *The Wall Street Journa*l.

To that end, the investment group nominated four outside board-of-director candidates.

In a highly unusual outcome, two of the four candidates were elected to the board, reported Ben Geman of *Axios*.

1. **Less is more.** Two other multinational energy companies experienced shareholder uprisings recently, reported Sergio Chapa and Caroline Hyde of *Bloomberg*. Shareholder proposals to aggressively reduce emissions and limit pollution by a company’s customers were approved despite the companies’ boards urging shareholders to vote against the changes.

Major stock indices in the United States finished last week higher.

(The one-year numbers in the scorecard below remain noteworthy. They reflect the strong recovery of U.S. stocks from last year’s coronavirus downturn to the present day.)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Data as of 5/28/21** | **1-Week** | **Y-T-D** | **1-Year** | **3-Year** | **5-Year** | **10-Year** |
| Standard & Poor's 500 (Domestic Stocks) | 1.2% | 11.9% | 38.8% | 16.1% | 14.9% | 12.1% |
| Dow Jones Global ex-U.S. | 1.6 | 8.7 | 39.6 | 6.2 | 8.4 | 3.3 |
| 10-year Treasury Note (Yield Only) | 1.6 | NA | 0.7 | 2.8 | 1.8 | 3.1 |
| Gold (per ounce) | 1.3 | 0.7 | 10.6 | 13.6 | 9.4 | 2.2 |
| Bloomberg Commodity Index | 2.1 | 18.9 | 47.9 | 0.9 | 1.7 | -5.7 |

S&P 500, Dow Jones Global ex-US, Gold, Bloomberg Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods.

Sources: Yahoo! Finance; MarketWatch; djindexes.com; Federal Reserve Bank of St. Louis; London Bullion Market Association.

Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

**Sharing Memories of the Fallen** Memorial Day is the unofficial start of summer across the United States. More importantly, it’s a day of observance and remembrance – the day set aside to recognize United States military personnel and others who have given their lives in defense of liberty.

The PBS Wall of Remembrance offers an opportunity to read and/or share memories of those who died in the:1

• Afghanistan War

• Iraq War

• September 11 attack

• Gulf War

• Vietnam War

• Korean War

• World War II

• World War I

• Peacetime

For relatives, friends, and brothers- and sisters-in-arms, every day is Memorial Day.

We say “Thank You” to all our veterans for their service and sacrifice.

**Weekly Focus – Think About It**

“Consumption is the sole end and purpose of all production; and the interest of the producer ought to be attended to, only so far as it may be necessary for promoting that of the consumer.”

*--Adam Smith, Economist and philosopher*

Best regards,

Adam B. Hartung

P.S.  Please feel free to forward this commentary to family, friends, or colleagues. If you would like us to add them to the list, please reply to this email with their email address and we will ask for their permission to be added.

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\* Government bonds and Treasury Bills are guaranteed by the U.S. government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value.  However, the value of fund shares is not guaranteed and will fluctuate.

\* Corporate bonds are considered higher risk than government bonds but normally offer a higher yield and are subject to market, interest rate and credit risk as well as additional risks based on the quality of issuer coupon rate, price, yield, maturity, and redemption features.

\* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. You cannot invest directly in this index.

\* All indexes referenced are unmanaged. The volatility of indexes could be materially different from that of a client’s portfolio. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. You cannot invest directly in an index.

\* The Dow Jones Global ex-U.S. Index covers approximately 95% of the market capitalization of the 45 developed and emerging countries included in the Index.

\* The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.

\* Gold represents the 3:00 p.m. (London time) gold price as reported by the London Bullion Market Association and is expressed in U.S. Dollars per fine troy ounce. The source for gold data is Federal Reserve Bank of St. Louis (FRED), https://fred.stlouisfed.org/series/GOLDPMGBD228NLBM.

\* The Bloomberg Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.

\* The DJ Equity All REIT Total Return Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.

\* The Dow Jones Industrial Average (DJIA), commonly known as “The Dow,” is an index representing 30 stock of companies maintained and reviewed by the editors of The Wall Street Journal.

\* The NASDAQ Composite is an unmanaged index of securities traded on the NASDAQ system.

\* International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets.

\* Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.

\* The risk of loss in trading commodities and futures can be substantial. You should therefore carefully consider whether such trading is suitable for you in light of your financial condition. The high degree of leverage is often obtainable in commodity trading and can work against you as well as for you. The use of leverage can lead to large losses as well as gains.

\* Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance.

\* Economic forecasts set forth may not develop as predicted and there can be no guarantee that strategies promoted will be successful.

\* Past performance does not guarantee future results. Investing involves risk, including loss of principal.

\* The foregoing information has been obtained from sources considered to be reliable, but we do not guarantee it is accurate or complete.

\* There is no guarantee a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.

\* Asset allocation does not ensure a profit or protect against a loss.

\* Consult your financial professional before making any investment decision.

\* To unsubscribe from the Market Commentary please click here or write us at Team@MidwestMoneyManagement.com.

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