**July, 2021**

**Market Summary**

The U.S. Markets on aggregate gained 8.37% for the quarter largely riding the tailwinds of reopening enthusiasm. The markets were largely led by the advance of the technology and energy sectors, with consumer staples and utilities underperforming. Emerging markets, weighed down by China, have largely lagged the broad based global markets. Value stocks have fallen off as growth regained the lead it has held consistently for the last decade and beat the value indices in the quarter. Bond prices continue to float near all-time lows, fueled by dovish FED policy. This may change as talks of inflation persist in the markets. \

The spike in consumer spending, combined with the federal government’s release of funds to states and individuals, and fractured supply chains has created an inflationary environment. The current Consumer Price Index, CPI, sits at 5.4% year over year. While the CPI is the reported number, actual inflation to the everyday consumer may be significantly higher, with food and shelter prices rising more than the average. In certain corners of the market, prices have skyrocketed: the price of used cars, year-over-year is up 33% while the cost of lumber, though it has recently fallen substantially, is up 48%, with single family homes rising 13%.

Inflationary concerns have recently sparked debates as to whether it is transitory or a longer-term concern. While all things are transitory given a long enough timeline, the FED has signaled that it may raise rates in 2023, a policy that is less aggressive than inflationary whistle blowers would like, considering that the projected U.S. GDP growth rate for 2021 is 7.2% (World Bank). Considering the rich pricing of major indices, the valuation balance between Quality stocks and the broad market have reached its largest discrepancy since the dot com era (i.e. 2000). Such wide imbalances can persist for long durations, but as famed investor Jeremy Grantham reminds us, markets tend to revert to the mean. With this in mind, we are cautious of current market levels.

We strive to see to it that your portfolio is growing to meet your financial needs. Please contact us if there have been changes in your life that could impact your financial plan. We will update your plan and portfolio, accordingly. Thank you for your business.

Sincerely,

Joe Tomkiewicz MS, CFPr

President