Market Commentary

For the week of September 6th, 2021

The Markets

Returns Through 9/03/21	WTD	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	-0.14	17.10	27.42	13.35	16.48
NASDAQ Composite (PR)	1.57	19.75	35.02	24.89	25.20
S&P 500 (TR)	0.62	21.95	33.25	18.19	17.99
Barclays US Agg Bond (TR)	-0.06	-0.76	-0.66	5.41	3.13
MSCI EAFE (TR)	1.80	13.24	28.69	9.62	9.73

Observations

- U.S. equities moved higher this week as indicated by the S&P 500 which was up +0.62% on the week.
- In the U.S., smaller sized companies outperformed their larger-sized counterparts, as the Russell 2000 index increased +0.68% on the week.
- International stocks as measured by the MSCI EAFE were positive on the week, up +1.80%, outperforming domestic stocks.
- Emerging market stocks were positive on the week with the MSCI EM index up +3.42%.
- U.S. investment grade bonds were negative last week with the Bloomberg Barclays U.S. Aggregate Bond index down -0.06%.

Data Obtained from Bloomberg as of 9/03/2021

Economic Review

- Nonfarm payrolls missed sharply to the downside for the month of August, coming in at 235,000 jobs added, compared to the estimated gain of 733,000.
- The Conference Board Consumer Confidence Index also missed forecasts; the index fell to 113.9, missing economists' expectations of 123.0.
- The ISM Manufacturing Index increased to 59.9 for the month of August, exceeding the survey estimate of 58.5.

INSIGHT: At the Jackson Hole meeting, Chairman Powell hinted at plans to possibly begin to reduce their bond purchasing program by the end of the year due the recent strides the economy has made. However, with the release of the August jobs report, that may no longer be the case. The expectations for added jobs came in well under the estimate and was the lowest increase in the previous seven months. The leisure/hospitality industry, which averaged 350,000 jobs added over the last 6 months, was essentially flat during August. In addition to the sharp miss in jobs, the Conference Board Consumer Confidence Index also fell significantly to a level not seen since February of this year. These two sharp misses point to the uncertainty surrounding the Delta Variant and the continued risk it poses to the economy. The silver lining in this week's data was the rise of the ISM Manufacturing Index, which signals that demand for goods in the country is still strong and may even be growing.

A Look Forward

- The Job Openings and Labor Turnover Survey (JOLTS) will be released on Wednesday and is projected to have a slight decrease in the number of available jobs to 10,000,000.
- Initial jobless claims will be released on Thursday and is expected to remain consistent with prior reading of 340,000.
- The Producer Price Index (PPI) will be released on Friday and is expected to increase by 0.6% on a monthover-month basis and 8.2% on a year-over-year basis.

INSIGHT: Following the large miss by nonfarm payrolls on Friday, markets will gain some further insight into the labor market with the release of the JOLTS reading and initial jobless claims data. Prospective workers could be forced to move more aggressively in the months ahead as jobless benefits expire this week. Therefore, the next few months should give us a better grasp on the employment picture. With the number of unemployed still elevated and the number of open jobs at record highs, something must give. For the sake of economic activity, we would like to think this means more people returning to work and therefore the number of available jobs falling. Producer prices are expected to jump by 8.2% for August, accelerating from July's 7.8% annual gain. That would mark the fastest year-over-year increase on record for PPI. Year-over-year increases have been inflated due to depressed readings seen during the height of the pandemic, but nonetheless, supply issues continue, which could keep inflationary readings high for the months to come. Persistently high inflation could force the Fed to begin tapering this year.

BY THE NUMBERS

THROUGH AUGUST – The S&P 500 was up +21.6% YTD (total return) through 8/31/21. The S&P 500 has gained an average of +10.9% per year (total return) over the last 50 years (i.e., 1971-2020). The S&P 500 consists of 500 stocks chosen for market size, liquidity and industry group representation. It is a market value weighted index with each stock's weight in the index proportionate to its market value (source: BTN Research).

AN AVERAGE, NOT A FORECAST – September has been the worst performer for the S&P 500 over the last 30 years, i.e., 1991-2020, down 0.2% on average (total return). The month of August is ranked 11th of 12 months over the last 30 years but recorded a S&P 500 gain of +3.0% (total return) last month (source: BTN Research).

IN THE YEAR 2033 – Social Security trustees announced on 8/31/21 that the trust fund backing the payment of Social Security benefits (OASI retirement benefits) would be zero in 2033. A zero "trust fund" does not mean the payment of Social Security benefits would also go to zero, but rather would drop to 76% of their originally promised levels through the year 2095. When the trustees released their report in 2010 (i.e., 11 years ago), the Social Security Trust Fund was projected to be depleted in 2040 (source: Social Security Trustees 2021 Report).

LENDERS WANT TO LEND – 29% of "large" US banks have loosened the lending requirements they utilize to approve loans to corporations and to individuals during the 2nd quarter of 2021. "Large" banks are defined as having total domestic assets of at least $50 billion (source: Federal Reserve Opinion Survey on Bank Lending Practices).

Mark Temperato, CLU, ChFC, RICP
Wealth Management Advisor/Partner
580 Fishers Station Rd. Victor, NY 14564
Office: 585-466-3275
Cell: 585-356-9658
MTemperato@DashCapitalAdvisors.com

DASH CAPITAL ADVISORS

Matt Piaseczny, ChFC, RICP
Wealth Management Advisor/Partner
580 Fishers Station Rd. Victor, NY 14564
Office: 585-466-3270
Cell: 585-451-4028
MPiaseczny@DashCapitalAdvisors.com