

Good morning!

The Federal Reserve held their 4<sup>th</sup> scheduled meeting of 2021 last week. As expected, the policymakers are not ready to raise their benchmark short-term interest rate, nor are they ready to taper back on the \$120 billion of monthly asset purchases that they are conducting to keep longer-term interest rates low. What wasn't expected was the news that the committee anticipates 2 rate hikes that would take place in 2023, an admission that initially rattled the bond market. The swift bounce back of the US economy, the drop in our jobless rate, and the rapid rise in inflation may have caught the Fed off guard, requiring more analysis from them to determine the long-term impact of the pandemic on our economy (source: Federal Reserve).

What scares all economists is the threat of high inflation – will it prove to be just a temporary bump in the road as the Fed believes, or could it turn into a string of years of rapid price volatility? When the pandemic accelerated in March 2020, the output of many segments of the US economy were reduced if not totally eliminated. The problem is that as America exits its self-imposed lockdowns and returns to its “normal” demand, inventory has yet to catch up in dozens of areas, including the major assets of houses, cars, lumber, computer chips and gasoline (source: BTN Research).

62% of home mortgages (33.4 million) are federally backed, i.e., the loans are guaranteed by Fannie Mae, Freddie Mac, the Federal Housing Administration or the Veterans Benefits Administration. The national moratorium on foreclosures and evictions on federally backed, single-family home mortgages will expire in 9 days on 6/30/21 unless extended yet again to a later date (source: Federal Housing Finance Agency).

### **Notable Numbers for the Week:**

1. **HALF** - 51% of the \$64.2 trillion forecasted by the Biden White House that the US government will spend over the next 10 fiscal years, i.e., fiscal year 2022 through and including fiscal year 2031, are outlays for Social Security, Medicare and Medicaid (source: Budget of the U.S. Government released 5/28/21).
2. **ASKED TO LEAVE** - US landlords of rental properties file an average of 3.7 million eviction notices against renter households in a calendar year (source: The Eviction Lab at Princeton University).
3. **YOU THINK YOU'RE RICH** - As of the close of trading last Friday 6/18/21, 8 Americans are worth more than \$100 billion each. The richest of the 8 mega-billionaires was worth \$200.5 billion (source: Forbes).
4. **JUST KEEPS RUNNING** - The average car on the road in the USA at the end of 2020 was 12.8 years old, up from 10.2 years old as of the end of 2005 (source: IHS Markit).

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