



Market Commentary June 7, 2021

Dear Investors:

Pulling the economy out of the shed.

If you've ever stored tools or machinery in a shed or garage for an extended period of time, you know they often need some care and repair to function properly. The same appears to be true of the pandemic economy.

Economic growth in the United States is on the rebound. The latest report shows real gross domestic product, which is the value of all goods and services produced in our country, was up 6.4 percent annualized during the first quarter of 2021, an improvement from 4.3 percent in the fourth quarter of 2020. Also, pandemic restrictions have been lifted. Americans have begun to spend more and save less, and there is high demand for goods and services.

The economy appears to be primed for stronger growth, but there are some glitches in the system – namely labor and supply chains.

For the second month in a row, the May U.S. employment report showed fewer jobs gains than anticipated, although the unemployment rate dropped from 6.1 percent to 5.8 percent during the month. Then, last week, the *Institute for Supply Management (ISM)* reported its Manufacturing Business Survey found new orders were up and production was down.

PR Newswire reported, “Record-long lead times, wide-scale shortages of critical basic materials, rising commodities prices, and difficulties in transporting products are continuing to affect all segments of the manufacturing economy. Worker absenteeism, short-term shutdowns due to part shortages and difficulties in filling open positions continue to be issues that limit manufacturing-growth potential.”

Concern about these issues may explain, in part, why U.S. stocks have been “trading sideways” for the last few weeks. Ben Levisohn of *Barron's* reported, “The S&P 500 has gone almost nowhere since the middle of April. Yes, there have been weekly moves of more than 1 percent, up or down – two of the former, one of the latter – but the index itself has gained just 0.9 percent since then. Even recent daily moves have been relatively muted.”

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Yields on 10-year Treasuries retreated last week, which may reflect investors' concerns about the economy, too. Rates tend to move higher as the economy strengthens. Major U.S. stock indices moved 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 6/4/21	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	0.6%	12.6%	35.9%	15.5%	14.9%	12.6%
Dow Jones Global ex-U.S.	1.0	9.8	34.3	6.4	8.4	3.5
10-year Treasury Note (Yield Only)	1.6	NA	0.8	2.9	1.7	3.0
Gold (per ounce)	-0.5	0.2	11.2	13.4	8.7	2.0
Bloomberg Commodity Index	2.0	21.3	47.1	1.9	1.5	-5.4

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.

Come here Rona! Heel, Covi!

Prior to the pandemic, *The Economist* reported *Euromonitor* anticipated, "...the number of pet cats worldwide to grow by 22 percent between 2018 and 2024, compared with 18 percent for dogs. Cats are better suited to apartment living than dogs, so they are more at home in the densely populated, fast-growing cities of Asia."

Then, the pandemic spurred a global pet and pet industry boom. In 2020, Americans spent \$103.6 billion on their pets, reported the *American Pet Products Association*:

- Food and treats: \$42.0 billion
- Veterinarian care and products: \$31.4 billion
- Supplies and medicines: \$22.1 billion
- Other services: \$8.1 billion
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Spending is expected to rise to \$109.6 billion in 2021.

Some tenacious pet owners have become "petfluencers" to offset the costs of pet ownership. They post pictures of their pets on social media. If the pet gains a following, brands will pay for the pet to pose with products. One popular Pomeranian, with more than 10 million followers, earned about \$23,900 in 2020, reported *Inverse.com*.

The pandemic pet boom also triggered a new naming convention: pandemic-inspired (some wags might say uninspired) names. The most popular 2020 pet names were mainstream choices, such as Bella, Luna, Lucy, Max, Charlie, and Cooper. However, Covi (up 1,159 percent, possibly from zero), Rona (up 69 percent), and Corona (up 24 percent) were trending, too, per *Rover.com*.

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Here's the really important news: Dogs remain more popular than cats in the United States. About 63 percent of American households own dogs, while just about 43 percent have cats.

Weekly Focus – Think About It

‘Meow’ means ‘woof’ in cat.”

--George Carlin, Comedian

Best regards,

SYMPHONY FINANCIAL SERVICES, INC.

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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- * 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.
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- * 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.
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