

08/12/21

Good Morning,

Despite concerning advances of the Delta variant of COVID-19, investment markets remain on a positive track. Employment data show continued improvement and employers have posted a record high number of job openings. Next month extended emergency unemployment benefits are set to expire and we'll see if that has an impact on the number of people returning to the workforce. Strong labor markets may influence the Fed to begin tapering their monthly Treasury purchases sooner than they anticipated.

Q2 earnings season has proven to be a strong one for corporations. With nearly 90% of S&P 500 companies reporting, earnings grew by nearly 89%, up from estimates of 52% at start of the quarter and 64% at the start of earnings season. While stock indices have risen, stock valuations have actually come down. That's because valuations are often measured by the price to earnings ratio (or P/E ratio). Because earnings have grown faster than stock prices, the math results in cheaper valuations as the P/E ratio goes down. So we have higher stock prices but lower analytical values – which is a good thing.

The Olympic games have come and gone and provided exciting and dramatic moments. Now we can focus on the important stuff, like the Cincinnati Reds, who have played their way into 2<sup>nd</sup> place in the National League Central division. It's a bit early to get excited, but they are usually mathematically eliminated by this time each year. The Pirates have a lock on that honor this year. (And I know I'll hear from you Pirate fans!)

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As always, if you would like to discuss this or anything regarding current market conditions or your portfolio, feel free to contact me at any time.

Enjoy your week,

*Wade*

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