

Thursday, February 18, 2021

Good Afternoon,

While stocks are taking a breather and consolidating after recent highs, the bond market has seen a modest decline in prices as interest rates have risen steadily since January 1<sup>st</sup>. The yield on the US Ten Year Treasury has moved from 0.91% to 1.28% in six weeks. While that is a fairly sharp rise, rates remain near historic lows. Some market watchers speculate that the Biden Administration's proposed \$1.9 billion of relief/stimulus will require significant borrowing, which means more bonds being issued thereby raising supply and lowering prices. Others feel that our economy is coming back and that we may have a touch of inflation to deal with.

There should be a rise in inflation over the next few months as poor economic data from early in the pandemic start to drop out. After that, where inflation goes is anyone's guess. There seems to be little worry at the Fed or Treasury, as both Fed Chairman Powell and Treasury Secretary Yellen are advocating for large fiscal stimulus. Unknown is the potential impact of the "vaccine economy" as life and business slowly return to more normal conditions and pent-up demand for travel, goods and services is unleashed. By the way, a little inflation is not a bad thing!

We tend to think of the climate change issue as warming temperatures across the globe. While that is the case, climate change also means more extreme weather patterns including more intense storms, precipitation, and as we are seeing in Texas, very cold weather and abnormal winter conditions in traditionally more moderate climates. We hope that conditions in the South improve quickly for those impacted. On a lighter note, I saw a humorous weather post that said, "Southerners, take precautions, stay home and no unnecessary travel. Northerners, you're gonna need your big coat."

Please visit our website at [www.canfg.com](http://www.canfg.com) or the link below for the last Market Update from Commonwealth Financial Network® – the broker/dealer that supports us in helping you manage your financial life.

[http://www.commonwealth.com/RepSiteContent/weekly\\_comm/commentary\\_redirect.htm](http://www.commonwealth.com/RepSiteContent/weekly_comm/commentary_redirect.htm)

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.

The Weekly Update will be taking a break next week, so stay well and I'll be in touch in March. It's almost Spring!

*Wade*

Wade A. Sarkis, CFP®, AIF®  
Managing Partner  
Canandaigua Financial Group  
45 Ontario Street  
Canandaigua, NY 14424  
(585) 396-2720

Securities and Advisory Services offered through Commonwealth Financial Network, Member FINRA, SIPC, a Registered Investment Adviser  
Note: Trade orders cannot be accepted via email or voicemail.