

06/10/21

Good Morning,

Stocks continue to advance with the S&P 500 reaching an all-time high this morning despite higher-than-expected inflation data for May. Markets seem to trust the Fed's perspective that our recent bout of inflation is temporary and will ease as supply and demand equalize later in the year. Another important data point is the yield on the Ten-Year US Treasury, which has fallen from recent highs back to 1.5%. This is additional evidence that markets don't believe that inflation is an imminent threat. However, we do expect the Fed to slowly pivot and begin to taper back their ongoing monthly purchases of treasury securities. How they communicate that will determine how investors react.

If you haven't heard, a new regime of stock traders (known as Reddit Traders) have pushed up prices of non-profitable companies by taking advantage of more traditional trading systems with quick buying and selling in online trading platforms. Companies like GameStop and AMC Entertainment, both of which are losing money, have seen their stock prices soar as the new traders push around institutional investors. Big investors have bet against GameStop and AMC by short selling the shares. The Reddit Traders have pushed those share prices up causing the short-sellers to buy more shares to cover their losses – further pushing up prices at the expense of the big boys (and girls). It's a very volatile game of cat and mouse and long-term investors are advised to steer clear as it is likely to end poorly for those buying shares of losing companies at high prices.

Speaking of ending poorly.... I realize that not everyone is a golf nut, like me, but did you see what happened this past weekend on the PGA tour? Jon Rahm, a top player in the world, finished his brilliant Saturday round with a six-shot lead in The Memorial Tournament. As he walked off the 18th green, officials notified him that he had tested positive for COVID-19, a surreal moment captured live on TV. Rahm had to withdraw from the event. But don't feel too bad for him; he has had access to vaccines, apparently choosing not to be vaccinated. Choices have consequences, and not getting a COVID vaccine may have deleterious outcomes for the individual and those close to them.

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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.

Enjoy your weekend,

Wade

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