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Good Morning,

The ripple effects of the pandemic are still spreading with noticeable increases in the prices of most everything, like homes, cars, gas, food, lumber, and more. Again, the demand collapse of early 2020 was followed by production cuts and layoffs in most industries. Some businesses were shut down for months. The success of vaccines and other virus mitigation behaviors brought a resurgence of demand before the supply chains were back to full strength. The lag has created price spikes and the subsequent inflation pressures have many folks questioning whether the Fed is behind the curve on raising rates. The alternative – raising rates too quickly – could send us into recession, and no one wants that.

The labor market continues to be very tight, with many more job openings than available workers. We see help wanted signs everywhere and employers are offering higher wages to attract workers. This is great news for those folks who need more than minimum wages to make ends meet. The question is – where are the workers? Even those coveted summer jobs that high school and college kids used to compete for are left unfilled. Do today's youth have alternative sources of income? The labor market dislocation will take some time to right itself and we suspect wage growth will stick around at least until the jobs trend reverses. Tomorrow's June employment report may reveal more details.

It's estimated that Americans will consume 155 million hot dogs on Independence Day. Nothing demonstrates the revolutionary spirit like consuming processed meat. I'm feeling extra patriotic this year; I might have more than one hot dog. We hope you have a safe and fun-filled Fourth of July!

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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.

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