

Good morning,

We hope this AOTW finds you enjoying a morning cup of Joe and some beautiful summer weather, wherever your weekend takes you. For yours truly, Saturday morning means I will be teeing up a golf ball as this hits your inbox, continuing the quest to conquer the unconquerable game of golf. The new clubs I got custom fit yesterday should fix it all, shouldn't they?

That brings us to the AOTW topic this week: consumption. It seems we as consumers are doing a lot of...consuming. If you had told me a year ago that all time high values would be reached in everything from house prices, used cars, copper, produce and meat, and yes, the stock market, I would have laughed you out of the room.

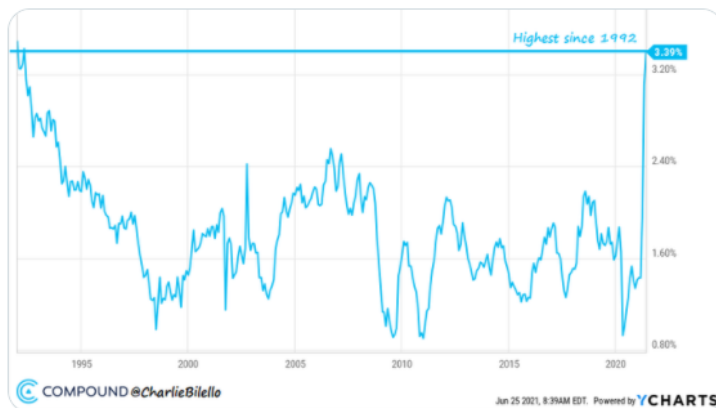
This week's article has a look at how 2021 to date has gone in categories ranging from US Covid hospitalizations, to gasoline prices, travel data (America is up, out of the house and moving around again) and the USA's debt load. Preview: everything is up, a lot.

We are asked by almost every client we speak with, and most recently my DIY investing neighbor, for our thoughts on inflation. Is rampant inflation here to stay, or is it more transitory in nature? There are many reasons we believe the latter is the case, most notably that the stimulus injected directly into consumers' pockets, is soon coming to an end. The Federal Reserve in the US agrees with this assertion as well:

Charlie Bilello @charliebilello · Jun 25
 US Core PCE inflation rises to 3.4%, its highest level since 1992.

J. Powell this week: "We will not raise interest rates pre-emptively because we fear the possible onset of inflation. We will wait for evidence of **actual** inflation or other imbalances."

Charting via @ycharts



“The last bill, with tax-free payments of \$1,400 per person going out in March, was the largest yet. That left the American consumer in a better position than ever before. The resultant rise in spending was staggering. By the end of April, US retail sales stood a full 18% above pre-covid levels.”

“If you send it, they will spend it,” seems appropriate as a way to summarize the whole thing, Field of Dreams style. Record setting 1 year up trends include housing prices (14%), crude oil (87%), used cars (34%) and copper (70%, new all-time high in May).

We also saw bored DIY traders with extra money create the “meme stock” revolution (remember GameStop?).

“My personal favorite was the 12,000% **rise in Signal Advance (\$SIGL)**, which surged on the mistaken belief that it was a messaging company (Signal) referenced in a tweet by Elon Musk.”

It’s amazing what a couple of installments of free money from the government can do to stimulate demand. The end of that stimulus program and enhanced unemployment benefits is near however, so Americans will be looking to apply for some of the record number of job openings (9.2 million) that exist today.

Below is a really fascinating look at the wild surge in everything over the last 6-12 months. The best news out of all of the charts you’ll see in the article: the only one that shows a steep decrease. US Covid hospitalizations are down by more than 90% since their peak in January, in perfect inverse correlation to the progress of the mass vaccination program. We all have that anti-vaxx Facebook friend, or follow that ingenious pro athlete who refuses to get jabbed...I would love to hear their rationalization of that stat.

Enjoy the weekend, article link here: <https://compoundadvisors.com/2021/2021-the-half-year-in-charts>

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