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Market Outlook:

Review

Markets gyrated significantly last week on conjecture and psychological paradox about shortages and bottlenecks in the supply chain of oil and other commodities, re-inflation of the economy, and probable durability of earnings in a consumer climate devoid of high risk tolerance. Nowhere was this more typified than in a sudden rush on regional petroleum products throughout the East coast of the United States after the ransom-ware attack on the Colonial Pipeline Company. These signals demonstrate how vulnerable the recovery is, and will continue to be, without absolute certainty about defeating the Covid virus; addressing infrastructure decline, including the internet highway; and bringing the world's economies back to and beyond pre-pandemic levels. All in all, last week was about expressing that anxiety through stock trading. Everyone has an opinion about global deficiency in necessary commodities, and many are not positive.

The 4% annualized inflation numbers reported for March are not a rebirth of the 1970's runaway in prices, but rather a reflection of economic activity quickly bouncing back from the disruptions and slowdowns engendered by the pandemic.

We live in a world of hyper sensitivity and immediate gratification. It is human nature to grab for simple explanations, especially where there are none. It helps people shake off their uncertainties. Fortunately, we also know that facts and truth are usually the best paths towards effective decision-making. Misunderstandings and polarization are fodder for another kind of debate. The world of finance has no such tolerance.

It is hard to believe that we are almost halfway done with 2021. As many are just now emerging from the pandemic's self-quarantine cocoon, we look around and realize that almost every element of our lives has been changed by the ravages of a once-in-a-century health plague. Learning what to do going forward is our new mission as a society, an economy, and for our souls.

As alluded to above, the financial markets are flailing and grasping for direction because the erosion of traditional fundamentals has been exacerbated by a wave of speculation and conjecture in prior months designed to *seize the moment* but, unfortunately, at the expense of long term design. Gambling and speculating are behaviors that either pay off handsomely at the betting window, or which fail miserably, catapulting losers into deep financial despair. Many don't realize that they are sacrificing clarity for the sake of a percentage gain. After all, who doesn't like to score big on one roll of the dice?

But what constitutes a good investment? Is it a wager that pays off today? Or might it be a social compact in which money is used to do good, mitigate risk, *and* pay off the investor in the long run? Each is so much different from the other. This is, ultimately, what makes markets.

Resonance

The good news is that we don't have to look backwards at yesterday's gambles to recognize the path ahead. Trends evolve and always reveal themselves. Our research discerns patterns of leadership and dynamism for the future. Quantitative studies successfully allow us to measure phases and durations. It will not surprise my readers to know that we look for earnings growth and price performance as critical first step elements to determining portfolio risk and allocations, with a high priority upon globalization and the world's supply/demand paradigm. The market touched several new highs recently. In fact, we see very few securities moving towards their historical "lows"...except for interest rates. Last week's contractions merely highlight how precarious investing can be without a plan.

We still feel confident that we can parse winners from losers, leaders from laggards, and that the economy is getting better.

We are more concerned, however, about the nefarious emotional environment enveloping Wall Street. Too many of you are conflicted or fearful. There is no denying that these sentiments are real. But one's responses should be academic, practical, and fact-based. Fear and greed are dissonant to that effort. I would suggest that the last question you ask when making an investment decision is *"what's in it for me?"* Distinguishing between greed and empathy is, after all, what makes us human.