

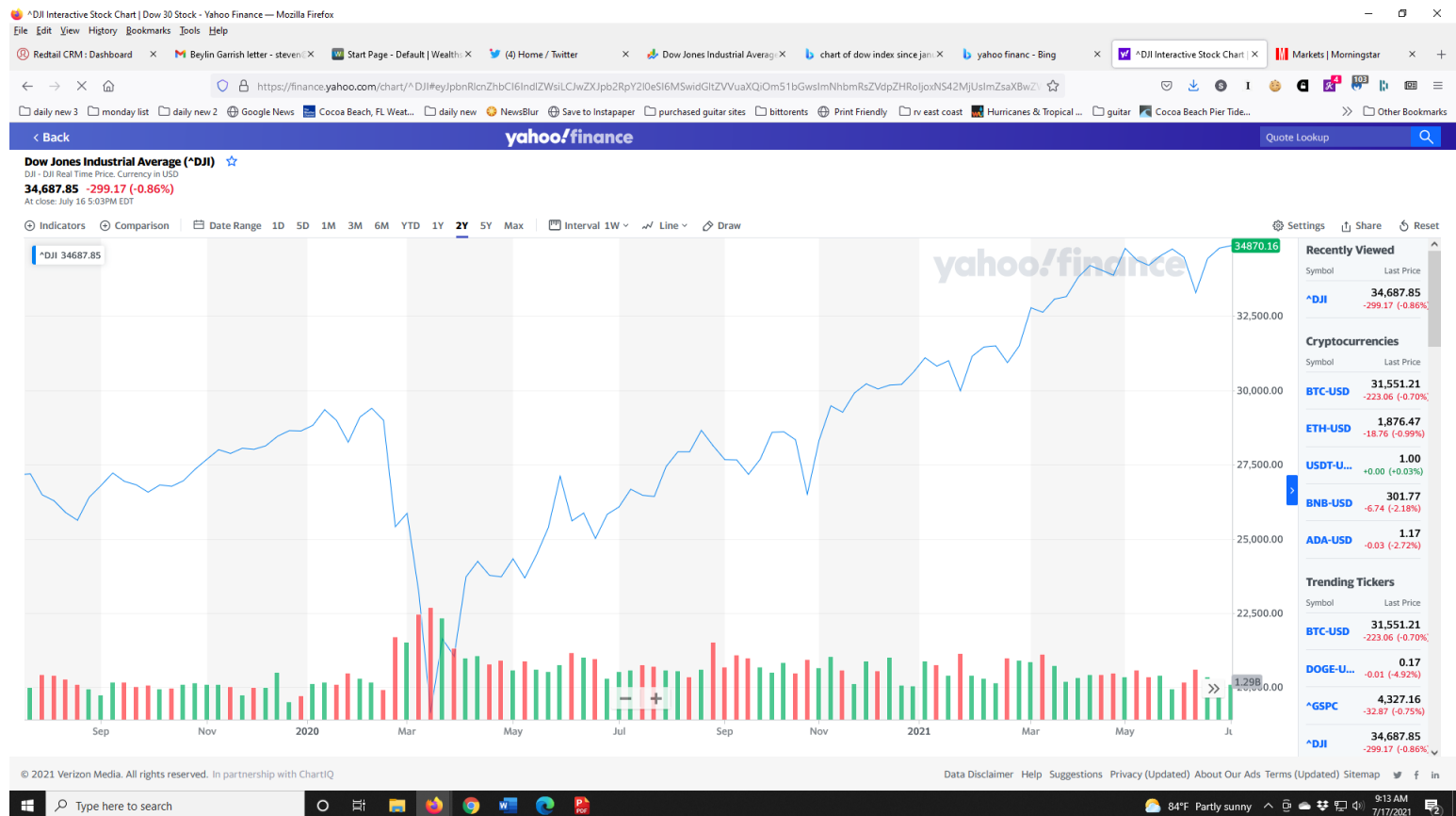


## Wealth Care LLC August 2021 Commentary

### Investment Thoughts

### Predicting the Markets

Look at this chart of the Dow 30 index since September 2019:



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Now - imagine we can go back to January 2020, and I tell you that in two months we will have a global pandemic, the stock market will crash, and the economy will be shut down. Would you sell your stock holdings? (Most would).

Then what? When would you get back in? The markets had recovered within a few months, but nothing (pandemic wise) looked good at that time. The vaccine was just something that *might* occur, and the global situation looked worse by the week. My best guess is that most people that sold would have kept waiting for a “pullback” and missed out on the steady rise in prices that followed.

So, the last two years is yet again another example of how we cannot time our market investments (even if we knew some of the future!). For our long-term plans, we must stay disciplined and diversified and invested.

## ? Inflation

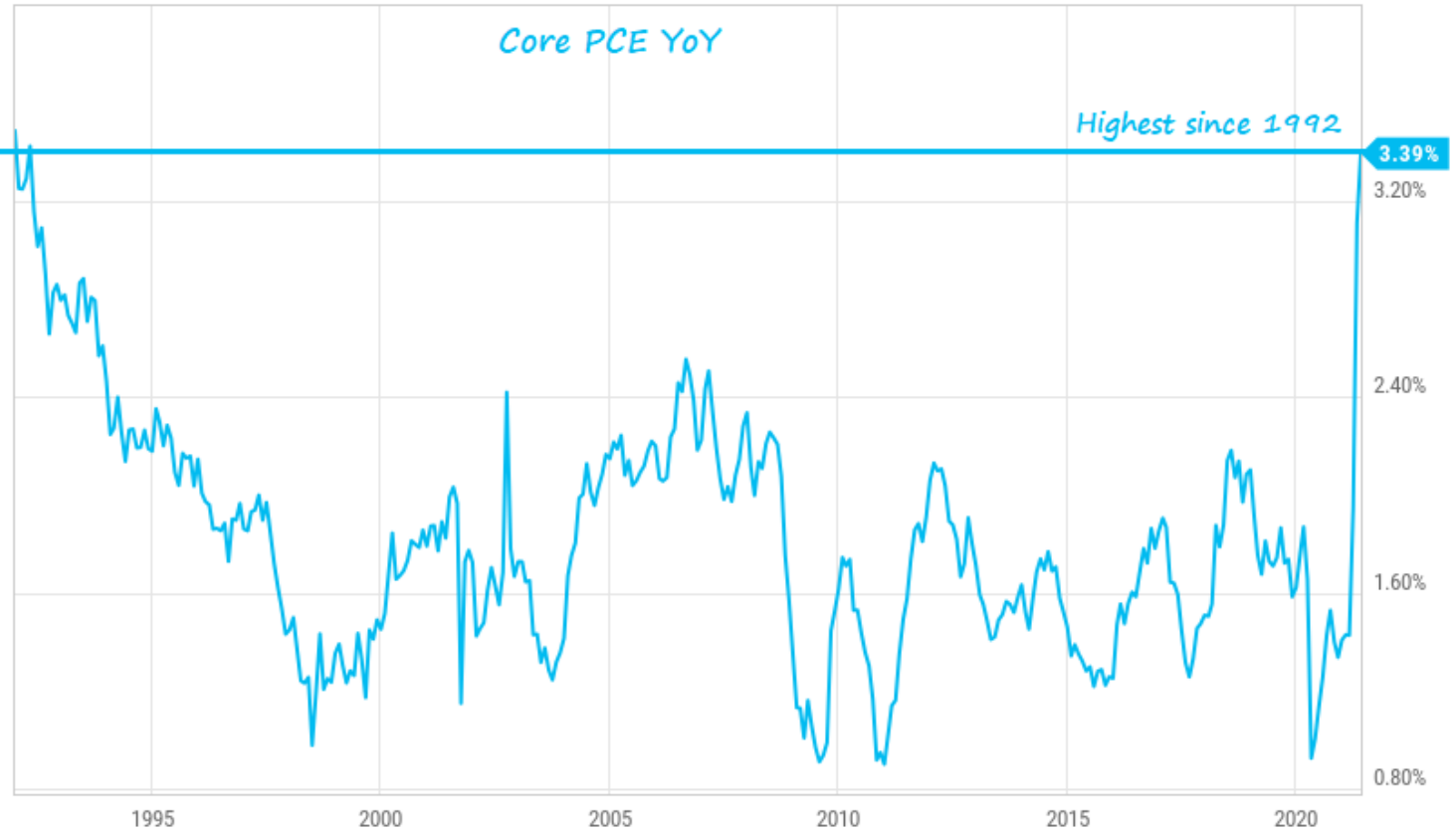
Our investments continue to do well this year (and last year and the year before), and perhaps the greatest concern now is out-of-control inflation. The debate rages between this happening now (consumer prices increased around an annual rate of over 5% over the last month), and the current rise in consumer prices being transient and related to the economy re-opening.

The biggest risk of higher interest rates (due to inflation) is on fixed income prices, and we continue to use vehicles that are less sensitive to rate changes. Stocks should do fine overall unless inflation really gets tough-in which case there is nowhere to hide.

Here are some charts on current inflation:



## US Core PCE Price Index YoY





## JUNE CONSUMER PRICE INDEX - YEAR OVER YEAR



**STICKER SHOCK**

SOURCE: BUREAU OF LABOR STATISTICS

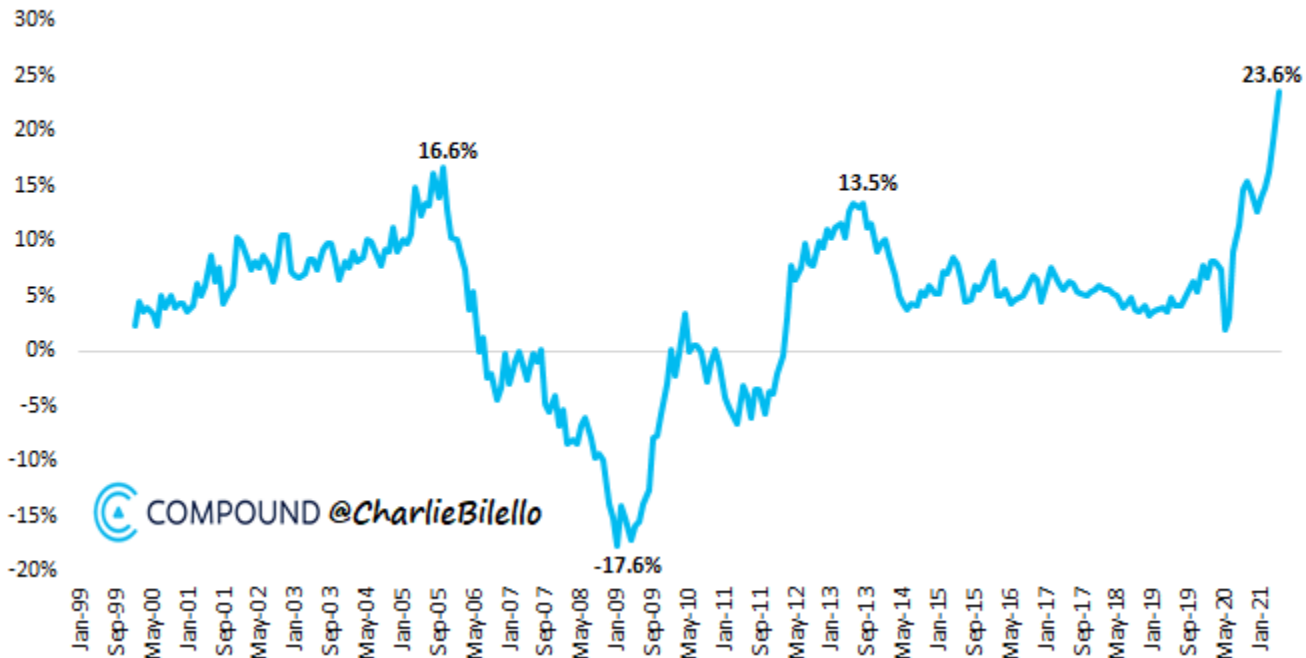
**LIVE**

# U.S. CONSUMER PRICES HITTING 13-YEAR HIGH



10:54 AM PT

## US Existing Homes, Median Sales Price (YoY % Change)



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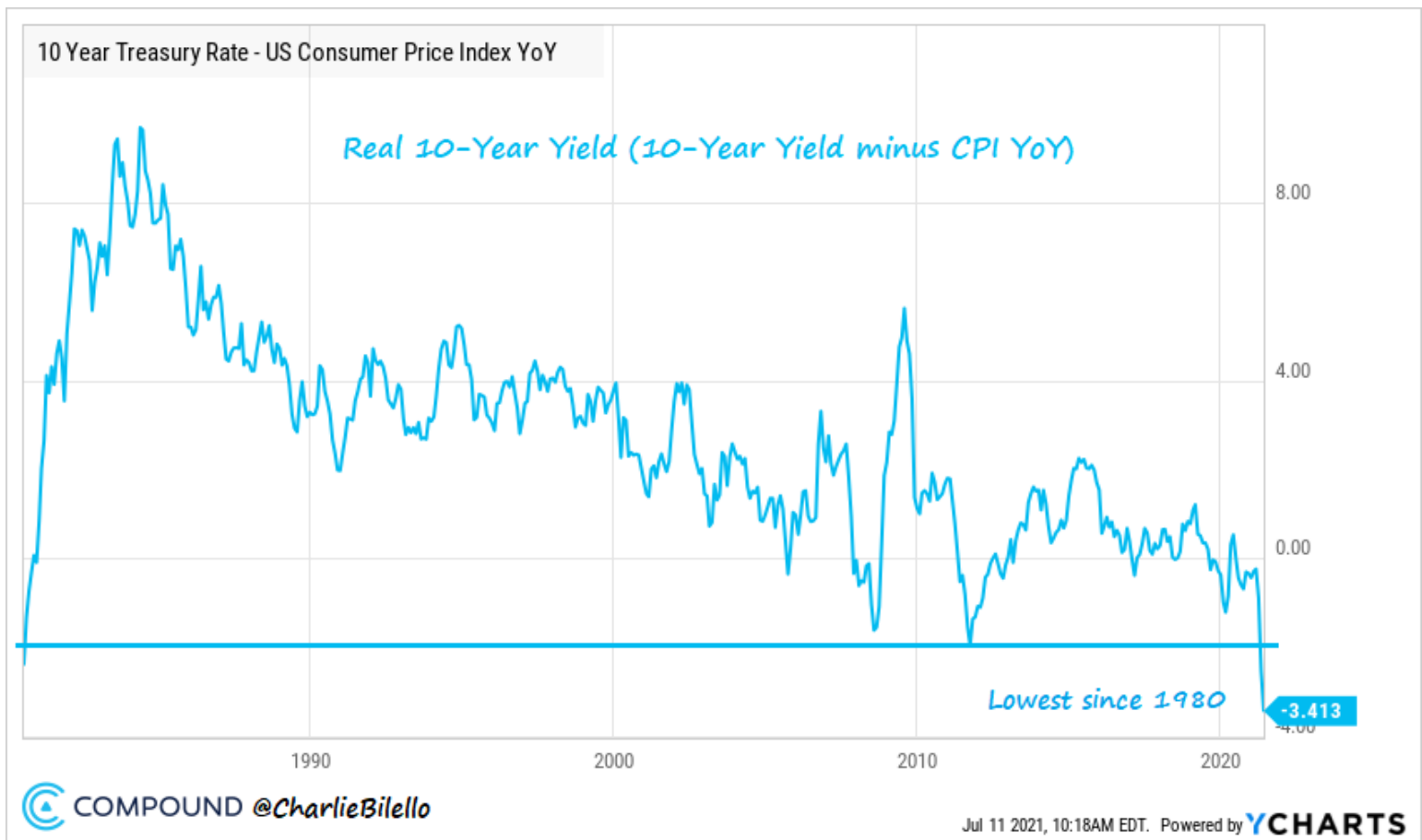
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So it is *very* interesting that the risk of inflation is not yet reflected in US interest rates. After adjusting for inflation, investors in 10-Year US treasury yields are now being paid -3.4%, the lowest real rate of return since 1980. This suggests that either the Federal Reserve is really good at suppressing rates, or inflationary expectations by most investors are actually low (or both).



## Miscellaneous

### Good News:

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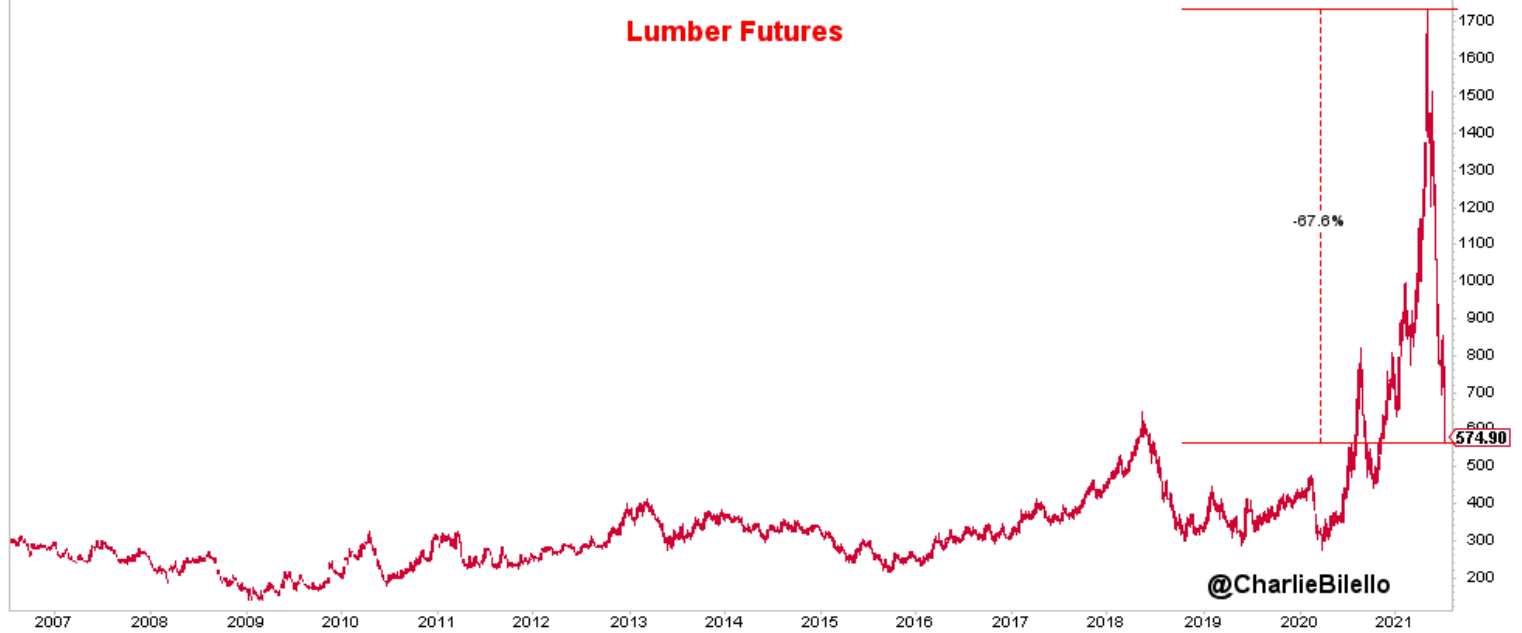
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**\$LUMBER** Lumber - Continuous Contract (EOD) CME  
15-Jul-2021

© StockCharts.com  
Open 755.00 High 770.00 Low 570.00 Close 574.90 Volume 191.5K Chg -180.00 (-23.84%)

**Lumber Futures**



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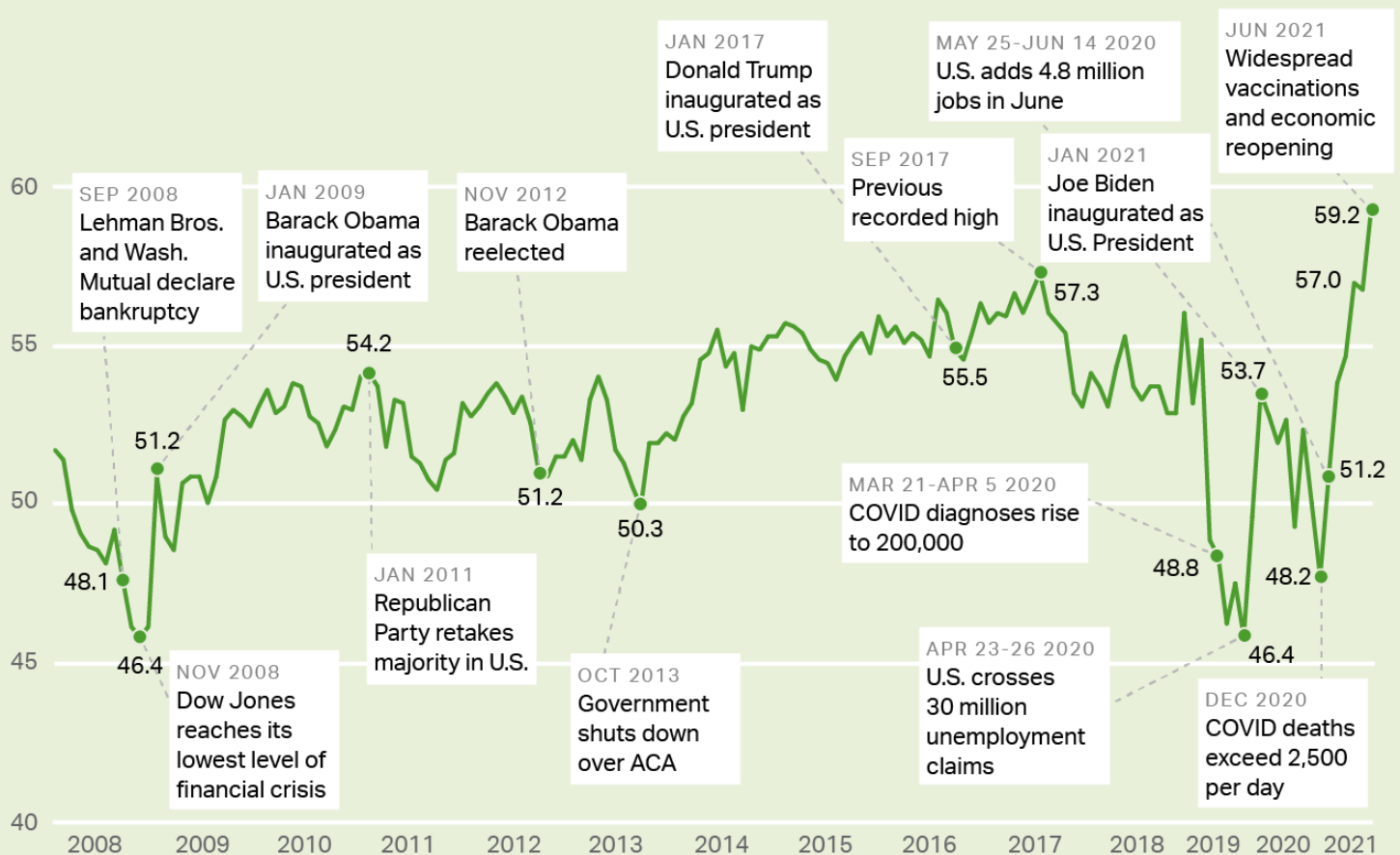


Source: FAOSTAT, [Food Balance Sheets](#) website, UN Food and Agriculture Organization, January 27, 2020.



## Life Evaluations of U.S. Adults

— % Thriving



Data from January 2008 to August 2019 and August 2020 are based on the Gallup National Health and Well-Being Index; data from September and October 2019 and from March 16 to June 20, 2021 (excepting August), are from the Gallup Panel. Estimates between the GNHWBI and the Panel are proven to be highly convergent, allowing for mixed trending.

GALLUP, JANUARY 2008-JUNE 2021

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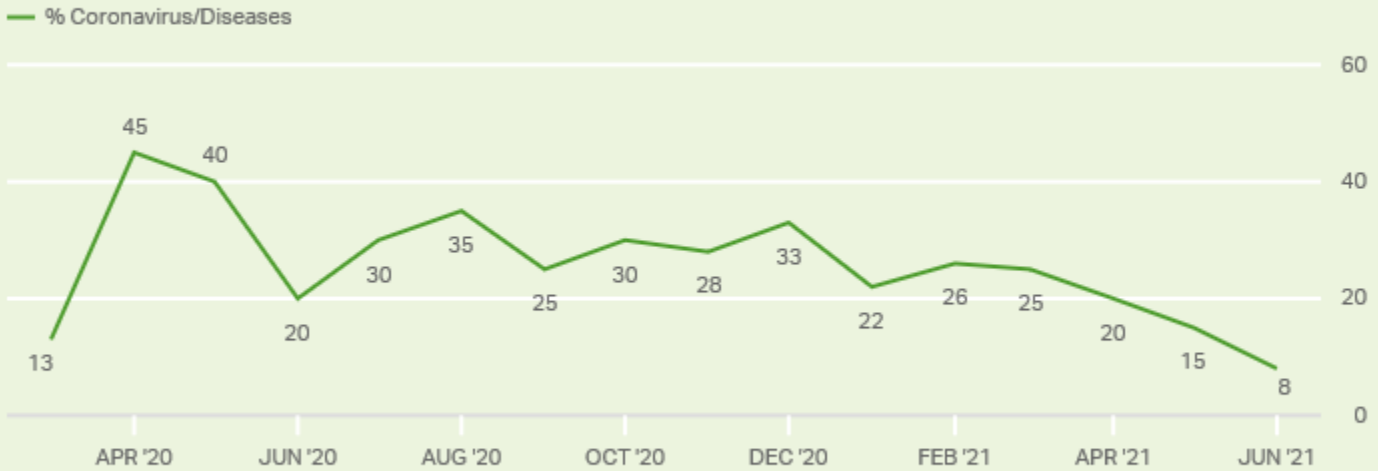
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## Mentions of the Coronavirus as the Most Important U.S. Problem



GALLUP

## Random Thoughts

To be wealthy, accumulate all those things that money can't buy.

Don't loan money to a friend unless you are ready to make it a gift.

Writing down one thing you are grateful for each day is the cheapest possible therapy ever.

WEALTH CARE  
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The history of the 20th century is full of examples of countries that set out to redistribute wealth and ended up redistributing poverty. -Thomas Sowell

**August 1, 2021 by the Wealth Care LLC Team**

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