



## Wealth Care LLC July 2021 Commentary

### Investment Thoughts

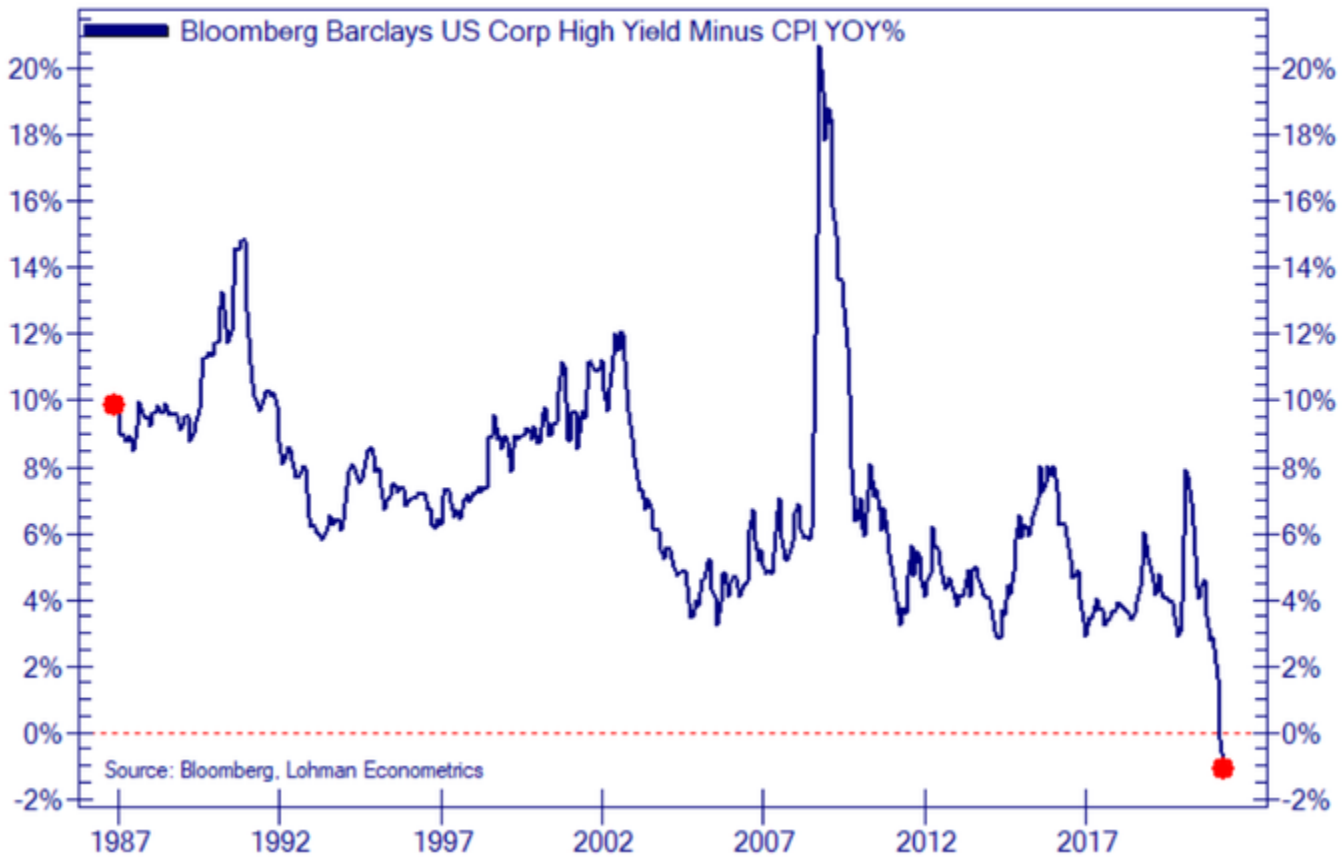
Strange times. The ten-year US treasury bond went down in yield to 1.5% despite “fears of inflation.” Also, the Federal Reserve is selling large amounts of corporate bonds back into the market, which should drop their prices and increase yield. So, try to make sense of this?



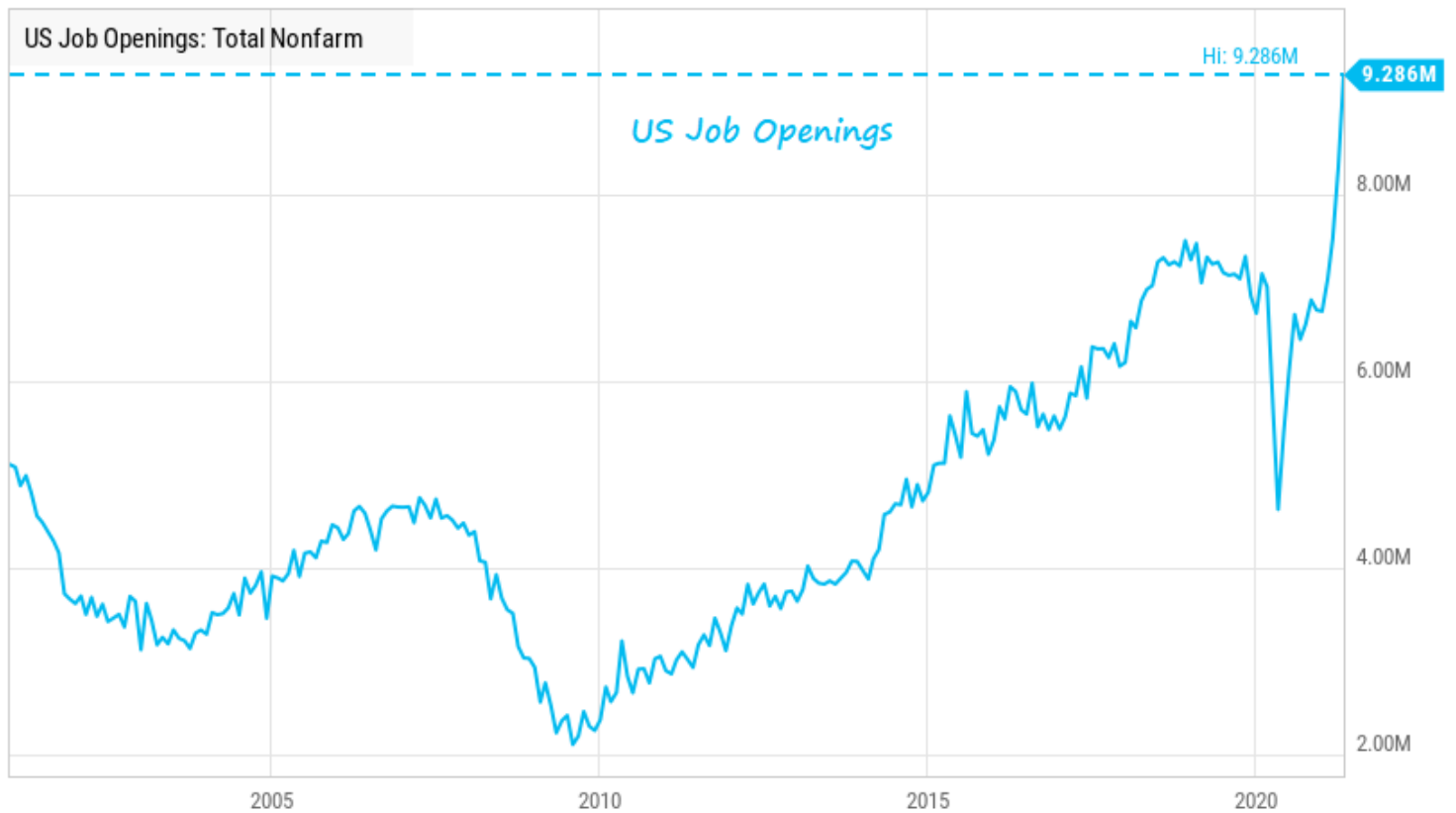


Low Quality (“junk”) bonds are at all time low yields also! You actually lose money on them after inflation, just not as much as on high quality “safe” bonds.

## Real Junk Bond Yields



Unemployment is supposedly still high from the pandemic, but there are “now hiring” signs everywhere one looks, and available jobs are at all-time highs.



COMPOUND @CharlieBilello

Jun 08 2021, 10:54AM EDT. Powered by YCHARTS

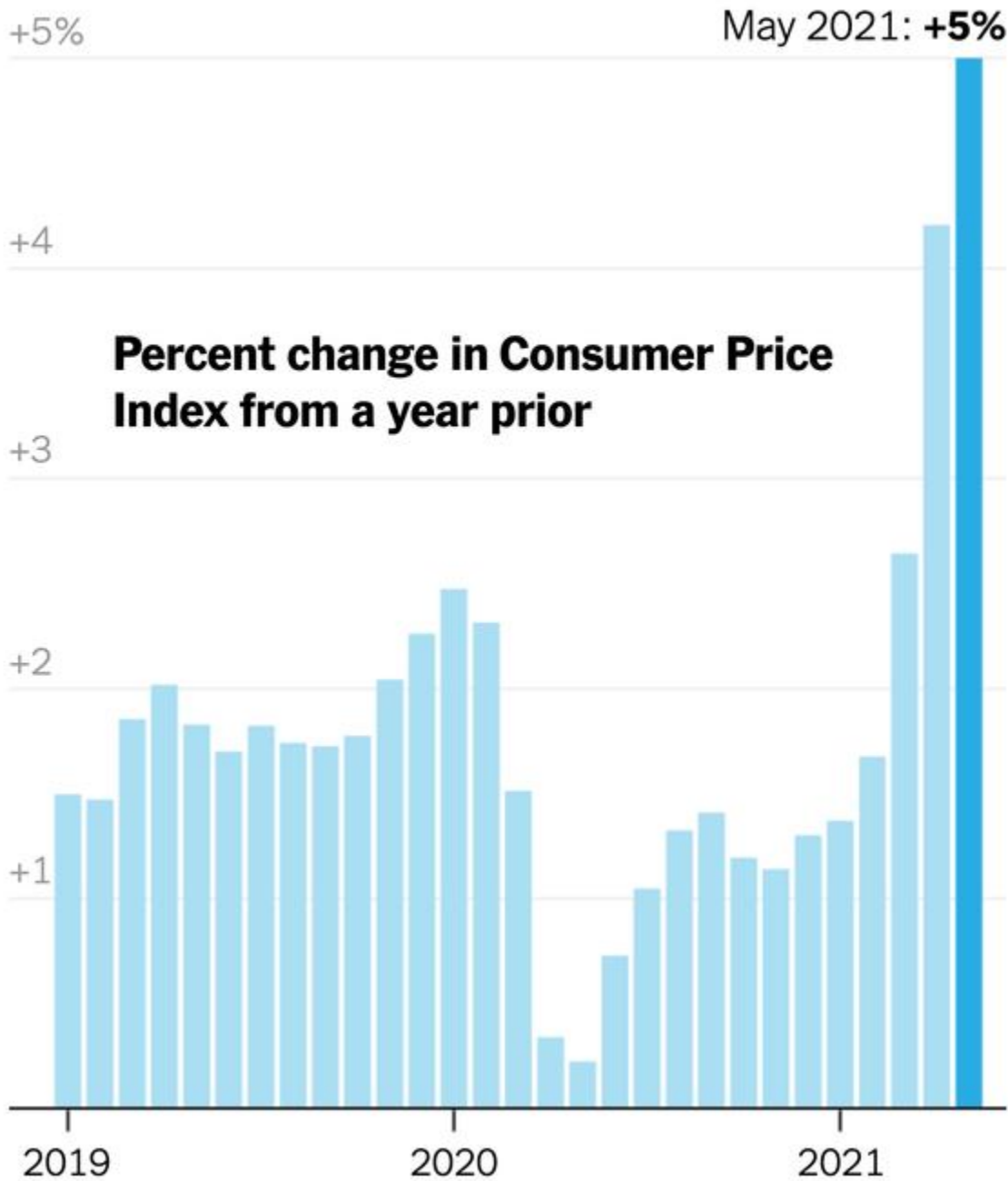
But! People are quitting their jobs at all-time highs.



FRED  — Quits: Total Nonfarm



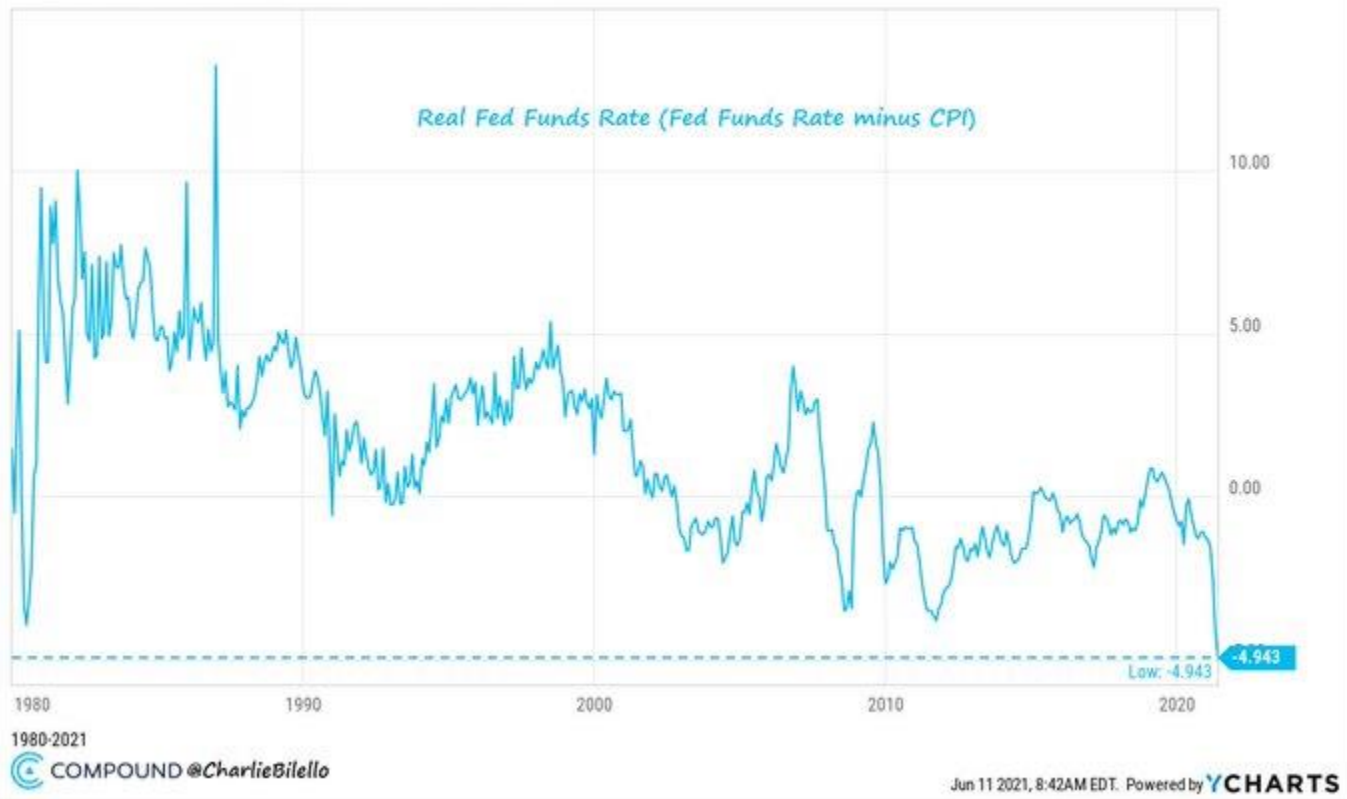
The Daily Shot<sup>®</sup>



The Real Fed Funds rate of -4.9% in the US is the lowest in the last 40 years. This means cash loses purchasing power at the rate of yield (currently 0.1%) minus CPI (5% this month, next month?).



Effective Federal Funds Rate - US Consumer Price Index YoY



## Our Thoughts on Inflation

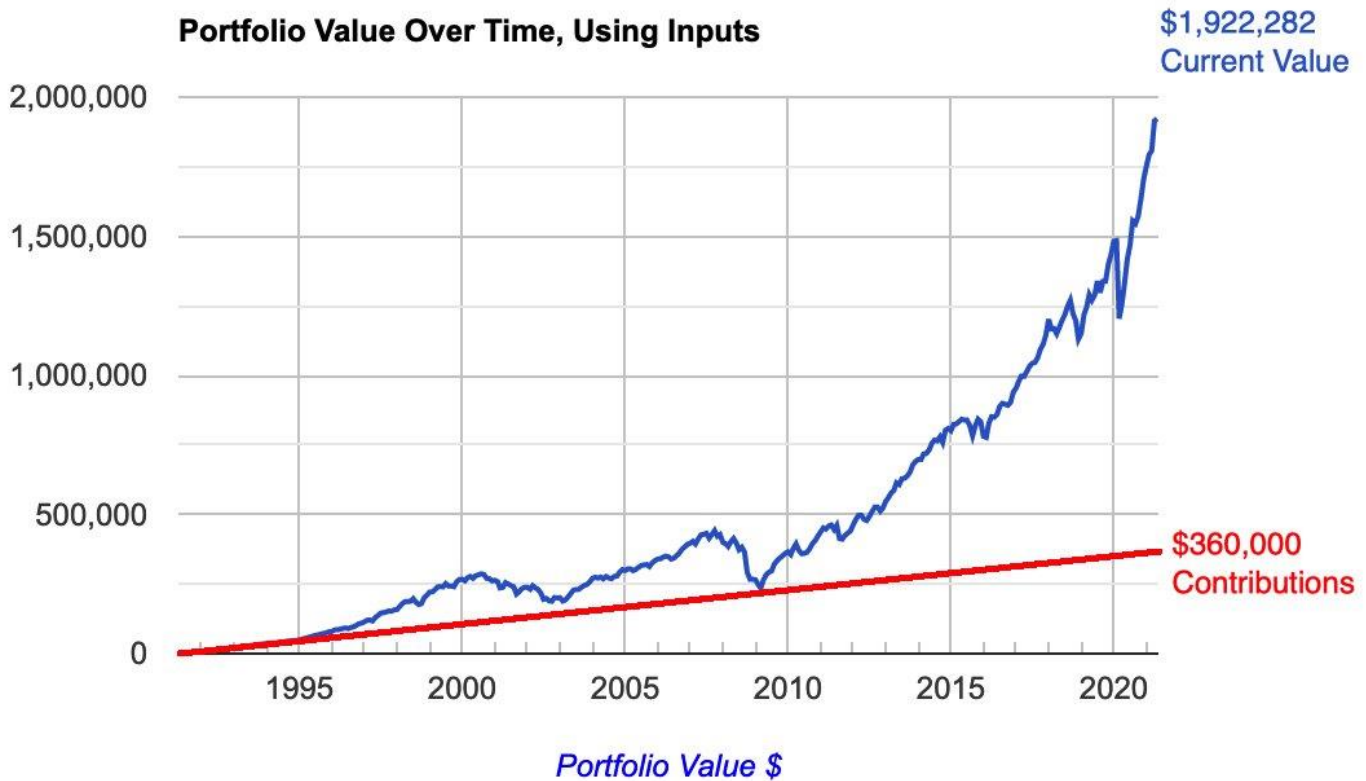
Some smart people are arguing that the current rise in prices is temporary, and a reaction to rapidly increasing demand in a time of supply chain and employment disruption (related to the pandemic). We are considering this but continue to keep our fixed income investments aligned with the thoughts that the inflation may indeed be “real.” It is just not as clear as some think.

In times of moderate inflation (say CPI 3-4% rising annually), stocks do fine. Short term US bonds do fine and the type of fixed income investing we concentrate on does fine. In much more severe inflation, nothing does well reliably (think of the 1970s and early 1980s). We think that we have moderate inflation currently, but it’s duration and course is unclear. We are watching for clues.



## Why try to time the market?

Current value of \$1,000/month invested in the S&P 500 over the last 30 years: \$1,922,282



## Miscellaneous

Writing While Paralyzed

<https://www.sciencenews.org/article/brain-implants-translate-handwriting-text>



I cannot vouch for this site, but it looks very interesting. You can accept bids for homeowners and auto policies from over forty companies in the comfort of your home.

<https://getjerry.com/>

## Tax Planning Scams

We have had two families that have talked to “tax planning specialists” groups in various parts of Florida in the last few months. The major thrust of these “experts” is the combination of what are called land conservation easements and whole life insurance. The former is being aggressively audited by the IRS nationally as fraud, and the latter is usually a wealth destroyer. Beware.

## Housing is more affordable than you think

Running some numbers on housing. In 1992 the average home price was \$121,500 and the interest rate was 8.5% for a payment of \$934. Now it's \$242,500 at 2.75% for a payment of \$990. Adjust that \$934 for inflation and it's \$1,794 in today's dollars.-Mark Bovair

## Did You Know?

China successfully launched its Shenzhou-12 manned spacecraft Thursday morning, carrying three astronauts to its space station in orbit. The launch is China's seventh crewed mission into space and its first during the construction of the country's new space station. It is also the first manned mission into space in nearly five years. The Long March-2F rocket carrying the Shenzhou-12 spacecraft blasted off from the Jiuquan Satellite Launch Center in North China's Inner Mongolia autonomous region at 9:22 a.m., the state-run Xinhua News Agency reported. The three astronauts, Nie Haisheng, Liu Boming and Tang Hongbo, will be the first crew to man the Tiangong space station. They will spend three months living and working on the space station's core module, called Tianhe. (*via Caixin Global*)

## Random Notes





An engineer can have a successful career knowing nothing other than engineering. Same for a chemist, meteorologist, or radiologist. Business and investing don't work like that. They're a little math, a little accounting, a little sociology, a little psychology, a few parts marketing, law, politics, game theory, history, statistics, biology, and public relations. That doesn't make them harder than other fields; just more uncertain, prone to change, and with fewer experts.-Morgan Housel

Never forget that someone is praying for the very things you take for granted.-anon

Winston Churchill was born in 1874 when there was no electricity. No radio. No Television. No Telephones. There were no lightbulbs. He died in 1965 when men had orbited the earth, walked in space, an automobile had driven 600 mph. Nuclear power was being used.-Ian Cassel

The gift of life is given to you one day at a time.-Nayan

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**“Explain to me again why enjoying life when I retire is more important than enjoying life now.”**