



Wealth Strategies Team

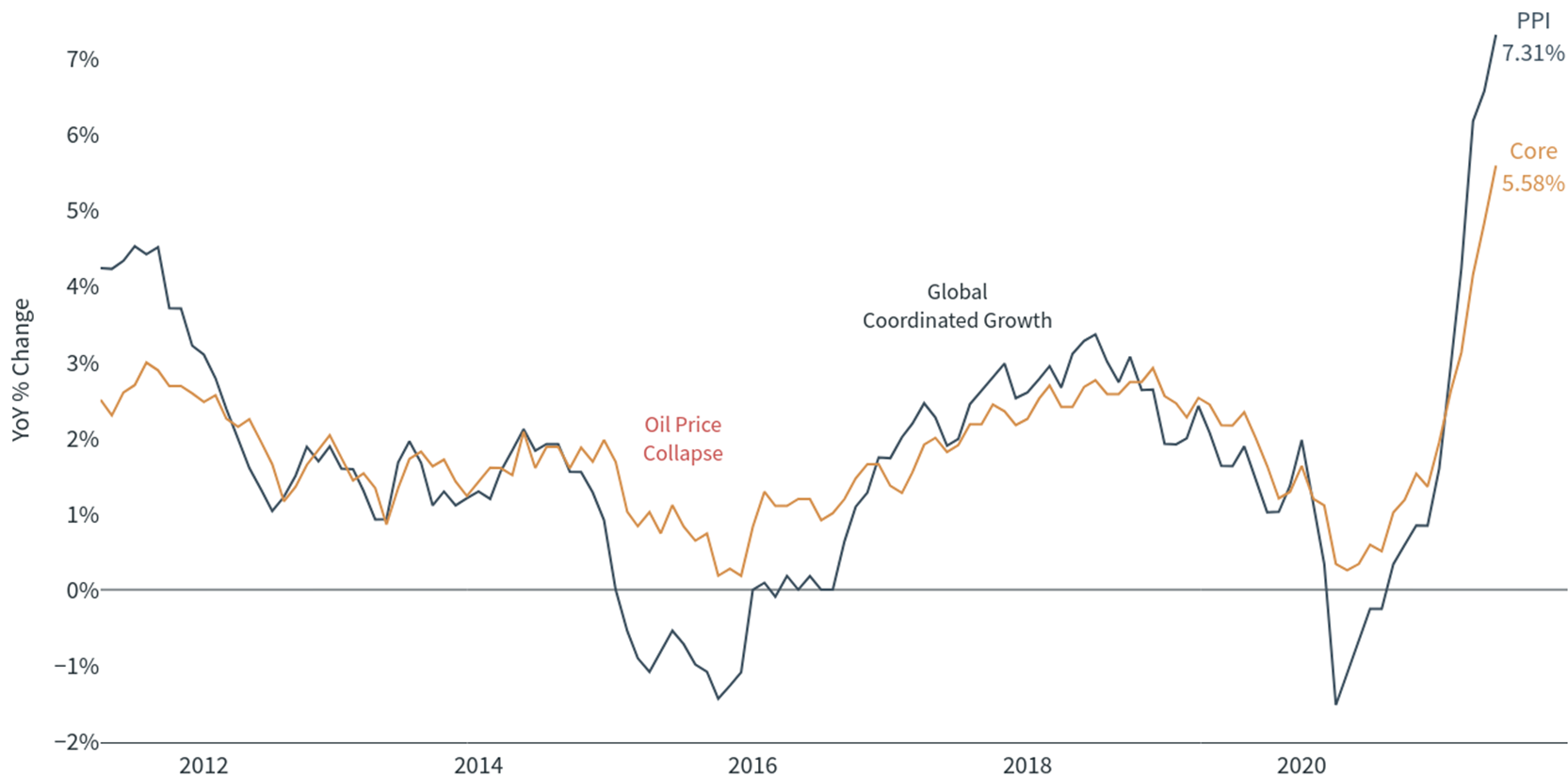
SUPPORTED BY OHANESIAN / LECOORS

Is It Different Now? - Chartbook

Cliff Jarvis | Vice President - Investments | August 6, 2021

Producer Price Inflation

Inflation



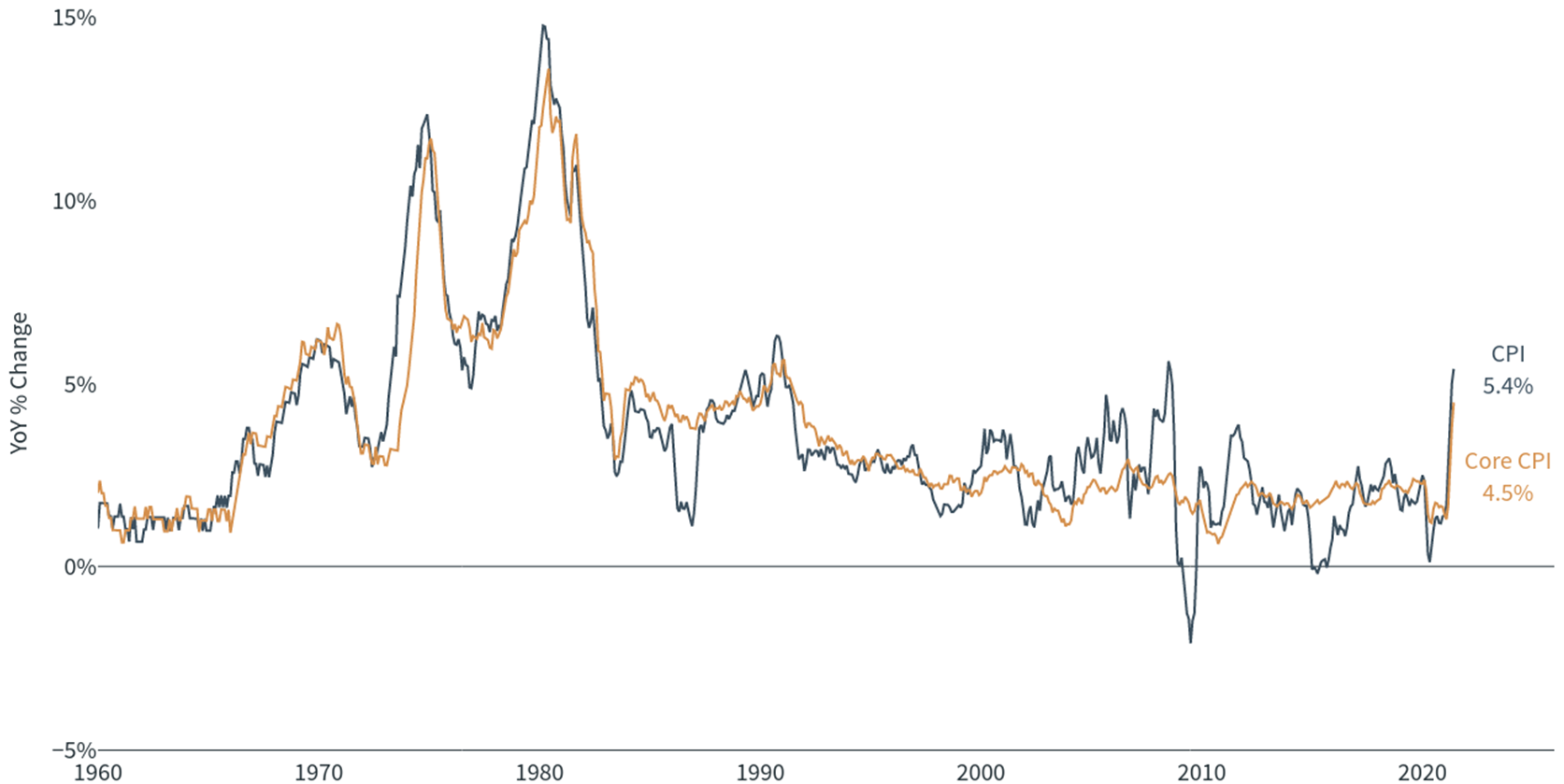
Latest data point is Jun 2021

- PPI measures price levels for producers. They are another data point for understanding overall inflation trends.
- Inflation is now rising during the recovery as monetary and fiscal stimulus boost spending.

Source: U.S. Bureau of Economic Research

Consumer Price Index

CPI and Ex Food and Energy, YoY % Change



- CPI is a commonly cited measure of inflation. It uses a basket of goods and services to track price changes for consumers.
- In order to measure the underlying trend in inflation, rather than temporary shocks to food and energy, economists often focus on Core CPI.
- Inflation has begun to heat up as the economy reaches new historic peaks.

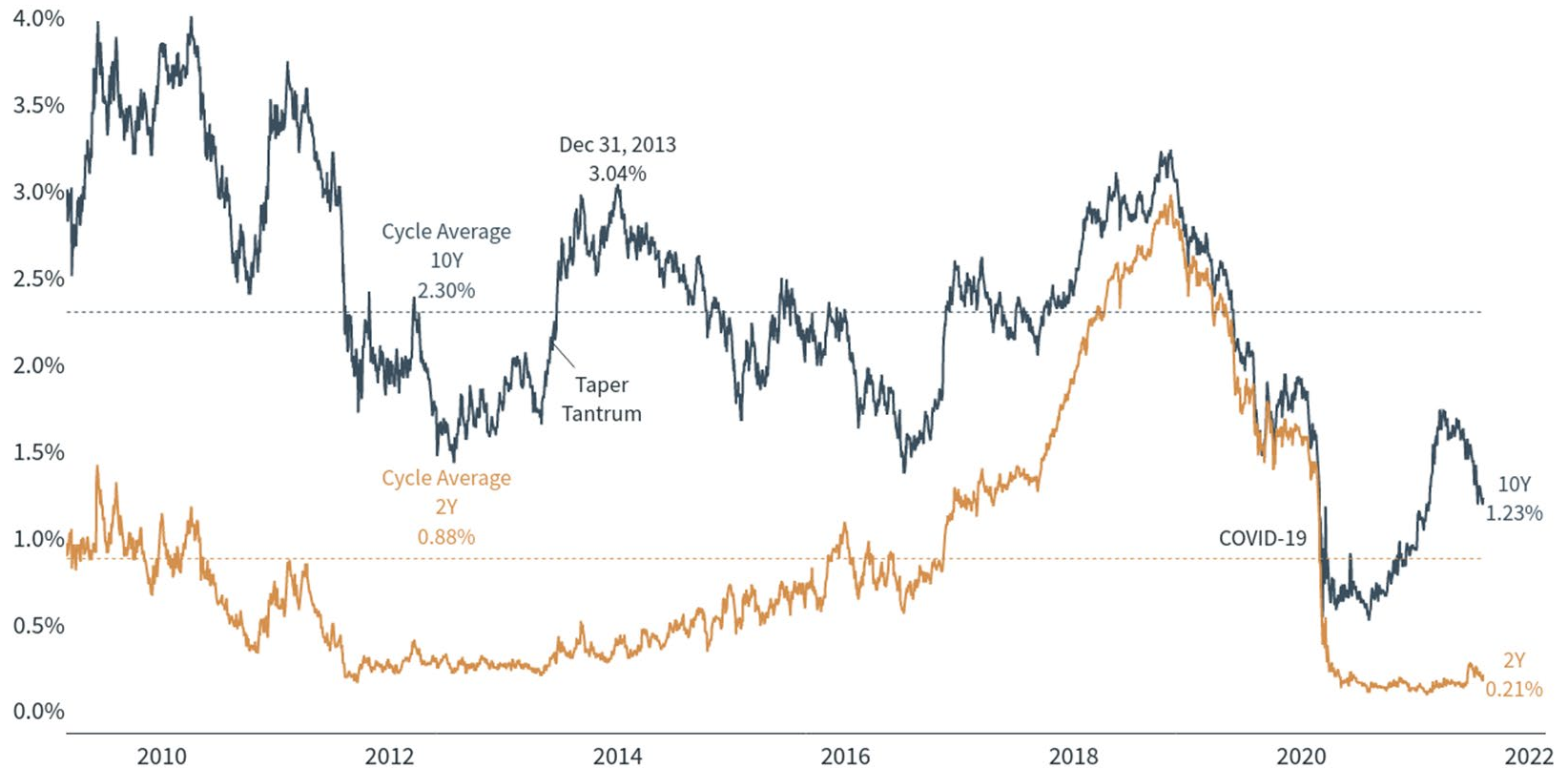
Latest data point is Jun 2021

Source: U.S. Bureau of Labor Statistics

© 2021 Clearnomics, Inc.

Interest Rates

10-year and 2-year yields since 2010



Latest data point is Aug 5, 2021

- While interest rates have recovered from their pandemic lows last summer, they have turned downward again.
- Historically, interest rates are higher than inflation because bond holders and lenders want a positive return.
- The question is: Has the money flood from government intervention caused both inflation and lower interest rates?

Source: Federal Reserve

© 2021 Clearnomics, Inc.

Mortgage Rates

30-Year Fixed Rate Mortgage



Latest data point is Jul 29, 2021

- Just as all interest rates have been falling for decades, so have mortgage rates. The average mortgage rate since 1990 is around 6%.
- However, mortgage rates today remain low and are not tracking with inflation.

Source: Freddie Mac

© 2021 Clearnomics, Inc.

Definitions and Methodology

The **S&P 500** is a market capitalization-weighted index of large cap U.S. stocks. U.S. **mid cap** and **small cap** are the S&P 400 and S&P 600, respectively. **Value** and **growth** are the corresponding Standard and Poor's value and growth indices.

MSCI EM is an index of emerging market stocks. **MSCI EAFE** is an index of developed market stocks. **MSCI ACWI** is an index of global stocks.

The **forward P/E** is a ratio of the current market price of an index divided by an estimate of earnings over the next twelve months. The **Shiller P/E** is based on Robert Shiller's cyclically adjusted price-to-earnings ratio.

The **AAll Investor Sentiment** index is based on a weekly survey conducted by AAll.

Unless stated otherwise, **earnings** and **valuations** data are from Refinitiv indices.

The **LEI**, or Leading Economic Index, is produced monthly by the Conference Board.

Consumer sentiment indices are based on surveys conducted by the University of Michigan Surveys of Consumers.

Asset Class Performance and Asset Classes Relative to U.S.

Stocks charts: The EM, EAFE, Small Cap, Fixed Income and Commodities are these indices, respectively: MSCI EM, MSCI EAFE, Russell 2000, iShares Core U.S. Bond Aggregate, Bloomberg Commodity Index.

Fixed Income Performance: All sectors are represented by the Bloomberg Barclays bond indices except for EMD USD and Local which are the JPMorgan EMBIG Diversified Index and JPMorgan GBI-EM Core Index, respectively.

The Balanced Portfolio is a hypothetical 60/40 portfolio consisting of 40% U.S. Large Cap, 5% Small Cap, 10% International Developed Equities, 5% Emerging Market Equities, 35% U.S. Bonds, and 5% Commodities.

The **Bloomberg Commodity Index** is a broadly diversified basket of physical commodities futures contracts.

The **DXY** is a U.S. dollar index based on a basket of currencies, including the Euro, Yen, Pound, Canadian Dollar, Swedish Krona and Swiss Franc.

Portfolio Risk/Reward and Portfolio Drift Since 2009 charts: stocks and bonds are the S&P 500 and iShares Core U.S. Bond Aggregate, respectively. Each portfolio represents a hypothetical stock/bond asset allocation.

The **MSCI Factor** indices are created and maintained by MSCI to capture factor returns. They cover various factors including Quality, Size, Momentum, Volatility, Value and Yield. The Multi-Factor index tracks the performance of Value, Momentum, Quality and Size.

The **MSCI USA** index tracks large and mid cap U.S. stocks.

Clearnomics Disclosures

Copyright (c) 2021 Clearnomics, Inc. All rights reserved. The information contained herein has been obtained from sources believed to be reliable, but is not necessarily complete and its accuracy cannot be guaranteed. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness, or correctness of the information and opinions contained herein. The views and the other information provided are subject to change without notice. All reports posted on or via www.clearnomics.com or any affiliated websites, applications, or services are issued without regard to the specific investment objectives, financial situation, or particular needs of any specific recipient and are not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Past performance is not necessarily a guide to future results. Company fundamentals and earnings may be mentioned occasionally, but should not be construed as a recommendation to buy, sell, or hold the company's stock. Predictions, forecasts, and estimates for any and all markets should not be construed as recommendations to buy, sell, or hold any security--including mutual funds, futures contracts, and exchange traded funds, or any similar instruments. The text, images, and other materials contained or displayed in this report are proprietary to Clearnomics, Inc. and constitute valuable intellectual property. All unauthorized reproduction or other use of material from Clearnomics, Inc. shall be deemed willful infringement(s) of this copyright and other proprietary and intellectual property rights, including but not limited to, rights of privacy. Clearnomics, Inc. expressly reserves all rights in connection with its intellectual property, including without limitation the right to block the transfer of its products and services and/or to track usage thereof, through electronic tracking technology, and all other lawful means, now known or hereafter devised. Clearnomics, Inc. reserves the right, without further notice, to pursue to the fullest extent allowed by the law any and all criminal and civil remedies for the violation of its rights.

Securities offered through Registered Representatives of Cambridge Investment Research, Inc., a broker dealer member FINRA/SIPC. Advisory services through Cambridge Investment Research Advisors, Inc., a Registered Investment Adviser. Cambridge and Ohanesian / Lecours are not affiliated. Indices mentioned are unmanaged and cannot be invested into directly. Past performance is no guarantee of future results. Diversification and asset allocation strategies do not assure profit or protect against loss. Investing involves risk. Any investment involves potential loss of principal