



COOK CAPITAL MANAGEMENT
9306 Vista Meadow Dr
Verona, WI 53593
(608)444-1066

July 2021

Greetings,

The second quarter of 2021 was a good one for the stock market. The S&P 500 advanced 8.5% for the quarter and it is up 15.2% for the first half of the year. As the US comes out of one of the most abnormal times in its history, some interesting topics have emerged.

Overall unemployment seems to be getting closer to stabilizing but is not yet at pre-pandemic levels. Currently, businesses have significantly more job openings than there are folks willing to go back to work. This may be because of extended unemployment benefits, lingering fear of coronavirus, or other personal reasons. In any case, companies have offered increased wages and even signing bonuses to lure people back to the workforce.

At the same time, there is a struggle to keep up with increased demand as the US continues to reopen. Items like microchips, lumber, and food have been in short supply. This imbalance has caused prices to increase for things like cars and new homes.

In addition, the multi-trillion-dollar infrastructure bill is closer to becoming a reality. If it is passed, many projects will be funded that could also fuel the economy for several years. On the other side of the token, these projects will be funded mostly by historically high government debt.

Taken as a whole, many economists predict higher than average inflation over the next year or two. The consensus is that if the inflation risk becomes reality, it will be short-term in nature and the economy will naturally stabilize in the future.

So far, the stock market has shrugged off these risks and focused on the opportunities presented by the reopening. Going forward, stocks will react with their typical ups and downs depending on how all these irregularities play out. In the meantime, Cook Capital Management will maintain its opportunistic approach to investing in the stocks of good companies with great long-term prospects.

Please reach out at any time with any joys or concerns.

"Sometimes the questions are complicated and the answers are simple."

— Dr. Seuss

Regards,

BJ Cook