

PASSAGE WEALTH™

Live your legacy.

At Passage Wealth it is important to us that you are well informed about what's happening in the markets. Here are a few of the key topics of conversation that we feel deserve the most attention this month. If you have any questions or would like to continue the conversation, let us know, and we appreciate the opportunity.

After a streak of positive jobs data, April's payroll numbers MASSIVELY missed expectations. The economy adding just 266K jobs during the month¹ vs an expectation of nearly 1M. In short, this was one of the largest downside misses on record². The economy is still more than 8 million jobs short of the pre-pandemic levels³ and the unemployment rate ticked up a notch to 6.1%. The good news is we don't see this as that big of a deal given the context of other positive economic data. Jobs had been growing at an unsustainably fast rate, so taking a breather like this isn't a problem... unless it happens again.

Following the cruddy April's jobs number, the optimism surrounding equity markets stumbled. Fears related to inflation have continued to be the main driver of volatility (and will likely continue to do so for the next number of months). The latest inflation numbers have to be taken with a grain of salt given the economic shutdowns, but that doesn't soften the blow that consumers are facing. By the numbers, inflation rose by 0.8% over the month and 4.2% over the last year⁴. We continue to see inflation fears as something to monitor, but that much of the increases over the last month may be temporary. For example, used cars and rental cars were among the biggest inflationary increases as rental car companies rushed to rebuild their inventories after liquidating portions of it to stay afloat during the crisis.

Fears of rising rates (because of inflation) continue to take their toll on tech and growth-oriented stocks with the NASDAQ Composite Index shedding most of their year-to-date gains over the course of the first two weeks in May. Although we did see similar action in February when the NASDAQ fell over 10% from mid-February to early-March, only to recover its gains over the next month and a half. Is investing in growth/tech dead? We don't think so, but the next few months could continue to be pretty rocky.

A hacking attack disrupted the Colonial pipeline that serves most of the east coast, causing shortages of gasoline, long lines, and cases of hoarding and panic-buying across the region. The ransomware attack forced the pipeline to shut down completely and took a \$5 million dollar payment to the hackers to

¹ Source: U.S. Bureau of Labor Statistics, Employment Situation Summary; <https://www.bls.gov/news.release/empsit.nr0.htm>

² Source: Bloomberg

³ Source: U.S. Bureau of Labor Statistics, All Employees, Total Nonfarm, retrieved from FRED, Federal Reserve Bank of St. Louis

⁴ Source: U.S. Bureau of Labor Statistics

resolve⁵ and resumed operations nearly a week following the attack. This will also create a temporary spike in energy inflation, but we expect that to be transient.

Bottom line: The road to normalcy continues to be bumpy, so please set your expectations for elevated levels volatility in markets throughout 2021. Vaccination rates have slowed but are still climbing. That fact and infection rates trending down in every state give us cautious optimism that the next month or two will allow for a complete reopening of the economy. If that can happen, we can begin to see inflation subside and potentially see less volatile markets. Fingers crossed!

The material presented includes information and opinions provided by a party not related to Thrivent Advisor Network. It has been obtained from sources deemed reliable; but no independent verification has been made, nor is its accuracy or completeness guaranteed. The opinions expressed may not necessarily represent those of Thrivent Advisor Network or its affiliates. They are provided solely for information purposes and are not to be construed as solicitations or offers to buy or sell any products, securities or services. They also do not include all fees or expenses that may be incurred by investing in specific products. Past performance is no guarantee of future results. Investments will fluctuate and when redeemed may be worth more or less than when originally invested. You cannot invest directly in an index. The opinions expressed are subject to change as subsequent conditions vary. Thrivent Advisor Network and its affiliates accept no liability for loss or damage of any kind arising from the use of this information.

Different types of investments involve varying degrees of risk. Therefore, it should not be assumed that future performance of any specific investment or investment strategy will be profitable.

THRIVENT IS THE MARKETING NAME FOR THRIVENT FINANCIAL FOR LUTHERANS. Certain insurance and annuity products issued by Thrivent. Not available in all states.

Investment advisory services offered through Thrivent Advisor Network, LLC., a registered investment adviser and a subsidiary of Thrivent. Clients will separately engage a broker-dealer or custodian to safeguard their investment advisory assets. Review the Thrivent Advisor Network ADV Disclosure Brochure and Wrap-Fee Program Brochure for a full description of services, fees and expenses. Thrivent Advisor Network LLC advisors may also be registered representatives of a broker-dealer to offer securities products.

⁵ Source: Colonial Pipeline Paid Hackers Nearly \$5 Million in Ransom. *Bloomberg*.
<https://www.bloomberg.com/news/articles/2021-05-13/colonial-pipeline-paid-hackers-nearly-5-million-in-ransom>