

THE RESILIENCY OF THE BULL MARKET

After declining in September, the S&P 500 Index bounced back in October, rising 7%. The tech-heavy NASDAQ Index also rose around 7%. These gains represent the largest monthly increase for each index since November 2020.

The S&P 500 continued to set record highs as we entered the fourth quarter. Through October, the S&P 500 has experienced 59 record highs. Since 1928, there have only been three years with more record closes.

While we don't know how 2021 will finish, there are many factors that point to the resiliency of the ongoing bull market. Consumer spending for both goods and services rose in September despite enhanced unemployment benefits expiring. Wages also increased the most in at least 20 years, with pay increasing 1.5% in the third quarter, according to the Labor Department. In the previous quarter, wages increased less than 1%.

Yet, consumer prices are eating away at some of these wage increases. Overall, the inflation rate for the 12-month period ended in September was 5.4%, which was the largest increase in 13 years.

The U.S. economic recovery appears to be at the intersection of robust consumer demand and major supply shortages, which led to a swift rise



in inflation. Many companies, including Apple and Amazon, have warned investors that ongoing supply-chain disruptions and labor constraints have been negatively affecting their operations.

With the market experiencing impressive gains over the past few years, many investors may want to consider the tax advantages of gifting appreciated stocks, mutual funds and ETFs rather than making a cash contribution. With only two more months left in 2021, your Jemma Financial Advisor can discuss the benefits with you and help you through the process of donating securities to charitable organizations prior to year end.



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