

## U.S. ECONOMY REMAINS ON SOLID FOOTING

After seven straight months of gains, the S&P 500 Index fell more than 4% in the month of September. The tech-heavy NASDAQ Index, the Dow Jones Industrial Average and global markets also generally declined.

However, on a year-to-date basis, the market has still made significant gains. From January through September, the S&P 500 climbed nearly 16%. Reversing course from 2020, value companies, in general, have outperformed growth stocks. This performance gap is especially evident in the small-cap area of the market where the Russell 2000 Value Index, an index of small-cap value stocks, rose nearly 23% while the Russell 2000 Growth Index, an index of small-cap growth stocks, increased less than 3%.

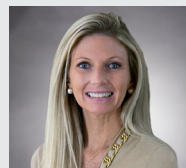
While rising interest rates, inflation and the Chinese property market worried investors over the past month, the U.S. economy remains on solid footing. During the month of September, the yield on the 10-year U.S. Treasury rose to 1.5% - the highest level since June. Brent crude oil, a global gauge of oil prices and economic activity, also hit its highest level in nearly three years, as demand rose and supply declined. Consumer spending in the U.S. remains strong, with personal income continuing to rise. In addition, September's Commerce department report showed that GDP, a broad measure of economic health, increased an impressive 6.7% in the second



quarter, up from a very strong 6.3% mark in the first quarter. Unemployment levels continue to decline from the pandemic peak of nearly 15% in April 2020 and are now approximately 5% as of August 2021.

The market in 2021 has been unusually strong, so a short-term decline as experienced in September is rather normal and expected. Typically, a 5% pullback in the S&P 500 has occurred, on average, three times each year for the past half century.

As we head into the fourth quarter of the year, remember to keep focusing on your long-term goals. As always, Jemma Financial is here to help.



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