

# JADE SPEAK

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## Smells like something good cooking

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Warmer weather has finally started and it is the time we think of cook-outs and firing up the grill. As much as I love a perfect steak, my second favorite food is a bowl of chili that makes you sweat just a bit.



Now the key to a good chili or almost any other soup is the time you allow it to simmer. The reason I bring this up? I believe this is a good analogy for what is going on with the markets.

In the last six weeks or so there has been volatility in the markets due to the fear of inflation. One of the gauges of this is the 10-year U.S. Government Treasury Note. Since its low at the beginning of August of last year at 0.51 percent, it had over tripled to a peak of 1.74 percent on the last day of March. The market looked to the Federal Reserve, hoping they would signal they would look at raising rates sooner than later. But, so far, the Fed is sticking to its guns and not raising rates this year and possibly beyond.



Stepping back however, let's look at the big picture. Thankfully, since late January, the number of COVID-19 cases has dropped drastically. Between antibodies of those with the virus and vaccinations, the data shows we are nearing "herd immunity."

Consider that, along with these three pieces of data:

**Initial jobless claims** reported April 9 were 576,000. A year ago that figure was 4.8 million: A drop of 88.2 percent.

**Box office receipts** April 2-8 were \$49 million vs. \$5,925 a year ago:

an increase of 828,240 percent.

Lastly, **TSA check point data** for the week of April 14: The number is 1,386,636 versus a year ago of 96,818, an increase of 1,332 percent. (Data Source: First Trust Portfolios L.P.)

This data clearly illustrates people are getting back to work and getting out their homes. In addition to this, there is a fresh round of government stimulus providing more aid to qualifying businesses and individuals.

This is why, at Jade, we feel the markets are poised to do well in the coming months.

# What is inflation?

This month we're focused on market sentiment and what the next several months may bring. Inflation plays a role, so I thought it might be helpful to explain a bit about what inflation actually is.

In the dictionary, the definition of the word inflation reads, "The action of inflating something or the condition of being inflated." When we relate this word to the economy, the 'thing that is being inflated' is the price of goods and services which, in turn, means the consumer loses purchasing power with the same amount of dollars.

Let's compare it to making a gallon of iced tea. Depending on the strength you prefer the number of tea bags can be different, but the recommendation is eight tea bags. Now, imagine if you used 8 tea bags to make two gallons. It's pretty safe to say the tea would taste pretty



weak because there is too much water.

The same principle is true with money. During the COVID-19 shutdowns the

in U.S. history.

I'm willing to bet you have noticed the many things that are hard to find to buy. Some of that issue is due, in part, to the shut-

**Too Much Cash  
+ Too Few Goods  
\$ Recipe for Inflation**

Federal Reserve printed money and financed government programs to fund loans to businesses and direct payments to individuals. Consequently, our money supply has grown at the fastest annual rate

downs that occurred early on.

However, we must recognize the reality: There is too much money chasing too few goods. And THAT is a perfect recipe for inflation.

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## Schedule of Approaching Holidays

Planning to get away this summer? Looking to do some serious business instead? Keep in mind, all New York Stock Exchange (NYSE) markets will observe the following U.S. holidays in the coming months:

**Memorial Day**  
Monday, May 31

**Independence Day**  
Monday, July 5  
(July 4 holiday observed)

**Labor Day**  
Monday, September 6

The offices of Jade Investments & Retirement Solutions will be closed on those days.

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