ProInvest Financial, Inc. 29325 Chagrin Blvd. Suite 201 Pepper Pike OH 44122 www.proinvestfinancial.com

# Prosperity

ProInvest financial

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## First Quarter 2021 Review

James K. Galbraith, Professor of Government and Chair in Government/Business Relations at the University of Texas School for Public Affairs on April 4th of this year wrote for Project Syndicate (and I quote): “the forces that drive up U.S. consumer prices after 1970 – including dollar devaluations, oil-price spikes and cost of living adjustment for the manufacturing worker (which were passed along in the form of higher prices) – all disappeared. Since full employment had never been the culprit, the full employment of the late 1990’s and in the run up to COVID-19 pandemic did not bring back the inflation. Moreover, there is no longer tendency for oil price fluctuations to feed through the wages and other prices, because American jobs now are mainly in services where the price of labor is the price you pay.”

It was critical to start my review of the first quarter with the above, since most of the tension associated with domestic markets has been about interest rates, bond yields and how they affected interest sensitive sectors like technology and other growth companies. Why is tech important? Simply because tech firms account for 33% of the S&P 500’s market capitalization. Amid all the gyrations, the first quarter offered a solid return for investors with Large Capitalization stocks eking out a 6.2% return, with Developed Markets equities posting 3.6% and Emerging Market equities coming in at 2.3% respectively (source: *Standard & Poor’s* data as of March 31, 2021).

Given that through all that we have seen the economic picture improve multi-fold, from employment numbers to manufacturing sentiment and, most importantly, to the current daily vaccination levels where as of April 6th and per the *Centers for Disease Control Data Tracker*, 32.6% of Americans received at least one dose and 19% were fully vaccinated, we are slowly entering an economic environment that will support growth opportunities we could have only imagined a year ago.

With all that, it may also be likely that the first phase (if implemented) of the massive infrastructure spending package proposed by the White House, focused on traditional infrastructure, research and development, electric grid, high-speed broadband and clean drinking water may in effect likely boost economic growth above the trend and in turn provide further rise to corporate revenues.

While the above reads optimistic, changes in monetary policy (Fed), post-pandemic economy reopening, corporate tax rate changes that may be in the offing this year, as well as our own mobility will all go a long way in determining the outcome for you as the client. As always, think both growth and value, think not just domestically but globally and think long-term.

Thank you for the opportunity to be your partner in helping you reach your goals!

*Nenad (Ned) Tufekcic*

### IRA and Pension Limits 2021

IRA Contribution $6,000
Age 50 and over $7,000

SIMPLE elective deferral
Under age 50 $13,500
Age 50 and over
$16,500

401K, 403B, 457
Elective Deferral
$19,500
Age 50 and over
$26,000