

AUGUST 2021

MORAN MONTHLY DIGEST

Insights From Our Founder

We hope that you are doing well. Please take the time to read through this month's edition of our newsletter to keep up-to-date with our thoughts about the market and happenings around the office.

The month of July kept us quite active featuring both seminars and in-office meetings with clients. Although we do not have any events scheduled for August, stay tuned for our Fall series of seminars and events as we kick off season 2022. The end of July has also concluded this year's summer internship program. Our three industrious summer interns assisted in several beneficial projects and developed a deeper understanding of all facets of our business. Their experience ran the gamut from sales and marketing to client relations and operations.

Additionally, we have added several new hires—one a former intern—bringing our total headcount to 35. We are proud of our growth, which we believe continues to enhance our client service, ensuring that each and every one of our clients receives the highest standard of responsiveness and attention.

The markets remain focused on comments from the Federal Reserve, particularly those from Chairman Jerome Powell and other Federal Bank Presidents. While inflation readings have been hotter than expected, it hasn't influenced the Fed's transitory viewpoint with Powell indicating "substantial further progress is still a ways off." While there continues to be concern around the novel Delta variant of coronavirus, investors' confidence in our nation's economic recovery appears largely undeterred. We believe that the key underlying factors supporting strong equity markets in the second half of 2021 are (1) the belief that inflation is transitory, (2) strong global growth, (3) continued monetary support from the Federal Reserve and (4) over \$5 trillion in fiscal stimulus and counting.

As always, please let us know if you have any questions or if we can be helpful in any way. It is our pleasure and privilege to serve you, and we appreciate the trust that you have placed in us.

Cheers,
Tom



Thomas M. Moran AIF®
Founder, Chief Executive
Officer, Senior PIM
Portfolio Manager

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MONTHLY MARKET COMMENTARY

“When EF Hutton talks, people listen.” Remember that commercial? Today, the man everyone is listening to is Federal Reserve Chairman Jerome Powell and for good reason. The Fed’s actions on monetary policy in the coming months and years have the potential to be enormously influential on both markets and the broader economy, particularly when it comes to inflation. However, important as the Fed is, it would be unwise to lose sight of the larger picture. As we enter into another earnings season, now is a good time to take stock of that vital measure of corporate profitability.

THE FED AND COVID

The COVID pandemic and associated economic downturn was an unprecedented shock to the global economy. A novel virus with no effective therapeutics spreading across the globe prompted mandatory lockdowns in a desperate attempt to contain the threat. Consequently, consumer demand plummeted. Companies responded by idling factories and laying off workers as supply chains around the world were thrown into disarray. With the market and economy in a nosedive, the Fed needed to act quickly and boldly; to their credit, they did just that. The Fed flooded the financial system with liquidity and proposed a veritable buffet of lending programs, driving down interest rates and staving off widespread failures and bankruptcies. Simply put, in our opinion, the Fed saved us.

WHY DO WE HAVE INFLATION?

Broadly stated, inflation is a sustained rise in prices caused by more dollars chasing the same amount of goods and services. In the depth of the crisis, the Fed provided liquidity to the financial system and the U.S. government passed truly enormous amounts of fiscal stimulus to both companies and the American consumer. Those actions prevented a greater economic crisis and enabled a rapid recovery. Demand is back—and expected to grow—but you can’t restart an entire economy overnight. Remember those global supply chains and idled factories we mentioned earlier? They’re still sorting themselves out, causing wild price movements for goods and commodities such as used cars, coffee and lumber; shortages for everything from semiconductors to caramel syrup.



MONTHLY MARKET COMMENTARY, CONT.

However, this chaos in supply chains should eventually calm, restoring a measure of normality to the prices of many goods. Chairman Powell is likely referring to this process when he talks about currently elevated inflation readings being “transitory.”

On the other hand, the disruption to labor markets could lead to more persistent inflation through wages. Millions of people were abruptly laid off and unemployed for months on end, causing them to rethink their careers, family plans and choice of living location. Many chose to switch careers or start their own business. The demand for workers—and the products they produce—is there, but the supply of labor isn’t. The result of this mismatch between supply and demand? Businesses will raise wages to entice workers to fill available job openings and pass on those increased costs to the price of their products.

WHAT ABOUT THE MARKETS?

The good news is that business is booming. Demand is surging due to government stimulus and pent-up savings in the hands of consumers that are eager to spend and return to their pre-pandemic lives. Companies are beating earnings per share and revenue estimates at historically high rates and companies are increasingly offering and raising guidance in their quarterly reports, indicating that corporate confidence is elevated. The current environment of supportive monetary and fiscal stimulus, combined with better-than-expected results from earnings, leads us to be optimistic in our outlook for the equity markets and for global growth. Consider talking to your advisor about tactical shifts in allocation that may fare better in a moderately inflationary, high-growth economic environment.

WHAT'S NEW AT MORAN WEALTH MANAGEMENT

PHILANTHROPIC GIVING

At Moran Wealth Management, we have built a community of trusted advisors that can help you explore your charitable inclinations. Whether you are just starting to consider charitable giving, or already have a history of philanthropy, we can help your ideas take shape. While we are not tax or legal advisors, we are happy to coordinate and explore the following options with your tax and/or legal advisors.

- Charitable Remainder Trust
- Charitable Gift Annuity
- Family Foundations
- Charitable Lead Trust
- Estate Planned Giving
- Donor Advised Funds



Click above for our Philanthropic Giving video 

FEATURED STRATEGY

Click link below or visit our website under "Strategies"

Moderate Value (MVAL):

Seeks long term growth of capital by investing in stocks we believe to be undervalued relative to other stocks in the Russell 3000 Value Index.

[Click here to view all of our strategies](#)

RECENT MARKET RESEARCH

Click link above or visit our website under "Resources"

GET TO KNOW: OUR STRATEGY AND RESEARCH TEAM



Pictured from L to R: Shane Xu, Investment Analyst; Meisie Shongwe, Support Specialist; Cooper Alligood, Registered Support Specialist; Hank Brown, Investment Analyst; Patrick Moran, Investment Analyst; Earl Sistrunk, CFA®, Director of Trading; Christina Shaw, CIPM, Director of Risk Management; Chelsea Ganey, CFA®, Portfolio Strategist.

In-house asset management with independent, proprietary research and trading

Our investment team supports Thomas M. Moran AIF® Founder, Chief Executive Officer and Senior PIM Portfolio Manager in the management of over 30 proprietary strategies. We focus on quantitative analysis and fundamental research to help develop these customized investment portfolios. We seek to add value through active portfolio management, taking advantage of potential market opportunities as they arise.

*The PIM program is not appropriate for all investors. Please carefully review the Wells Fargo Advisors advisory disclosure document for a full description of our services.
The minimum account size for the program is \$50,000.*

MORAN WEALTH MANAGEMENT CENTER FOR FINANCIAL EDUCATION

UPCOMING EVENTS AND SEMINARS

Please click on the below links to register for seminars

**No events scheduled in August 2021.
Please stay tuned for upcoming
seminars and events as we kick off
our 2022 season!**

CONTACT INFORMATION

<https://www.moranwm.com>

5801 Pelican Bay Blvd

Suite 110

Naples, FL 34108

239.920.4440 | 800.240.0536