Total Returns through June 30, 2021		
US Stocks	2nd Quarter	Year-to-Date
Standard & Poor's 500	8.6%	15.3%
Russell 2000®	4.3%	17.5%
International Stocks		
MSCI World Ex-USA	5.7%	9.9%
MSCI Emerging Markets	5.1%	7.5%
US Fixed Income		

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be 10% higher than those in 2019. Just six months later, analysts now expect aggregate profit growth of more than 25% vs. 2019 results (if achieved, this would represent a 55% improvement from the depressed earnings of 2020). Double digit profit growth is expected to continue into 2022.

Sources: FactSet, Standard & Poor’s

Inflation: Passing Through or Here to Stay?

Inflation is a natural byproduct of economic resurgence. In any expansionary period, strong demand can push prices higher before supply has an opportunity to catch up. We are seeing that in sp(.)-4.1 . Tw 11(s)-6.(g)-4 (e)-10.2

and sporting stimulus payments and/or accumulated savings, readily bought them up. Consumers were also stepping up their purchases of new cars, electronic devices, household appliances, and other goods that drastically increased demand for microchips at a time the global semiconductor industry was confronting pandemic-related and other supply disruptions. The result was, and continues to be, a global chip shortage. This is impacting new vehicle production and has prevented rental car companies from replenishing their fleets to meet the currently exploding demand. Indeed, the supply/demand imbalance has contributed to rental car prices skyrocketing—up 110% year-over-year in May, including double digit increases for the last several months. Accordingly, rental car companies are holding onto the cars in their fleets, depriving the used car market from an important supply source and driving up prices. These types of interrelated issues are notable given the significant upheaval in prices, but we expect them to moderate as supply chains continue to normalize.

Slow Hiring and Stable Wages

Though the consumer economy is roaring back to life, the employment picture has been slower to return to pre-pandemic levels. While any hiring process takes more time than the swipe of a credit card, the labor market has some unique hurdles. First, the speed at which demand returned is likely to have caught some employers flat-footed in being appropriately staffed. Now that they are hiring in earnest, it has been a challenge to find willing workers.

There are many possible headwinds to more rapid employment gains. Parents may be holding off until schools are fully back in session, while other potential job seekers might be waiting for further vaccination adoption or more clarity on the risks of COVID variants. Others may be waiting for their accumulated savings, bolstered by stimulus payments, to wind down before pursuing additional income. But perhaps contributing most obviously to this reticence are the expanded and enhanced unemployment benefits provided by the Federal government. These measures were a critical lifeline to millions when major swaths of the economy came to a virtual standstill almost overnight. They were generous enough that in some cases, people earned more by not working. Though states are increasingly opting out of these programs that are set to expire in September, it’s unsurprising that they would be a headwind for employers looking to hire without substantially increasing wages. Indeed, according to the New York Fed’s surveys, the average lowest wage a non-college educated worker would be willing to