

Weekly Market Commentary November 29, 2021

The Markets

COVID-19 strikes again.

Coronavirus cases have been on the rise in Europe, climbing from about 700,000 new cases a week in September to 2.6 million a week in November, reported Richard Pérez-Peña and Jason Horowitz of the *New York Times*. As Thanksgiving approached, there was concern that travel and togetherness could increase the number of cases in the United States, too, creating stress on already taxed healthcare systems. Jamie Smyth and Caitlin Gilbert of the *Financial Times* explained:

“...what was expected to be a celebration has become fraught with danger in some Midwestern states, where vaccination rates are low and COVID-19 cases are rising rapidly after a summer lull...Nationally, cases have increased by nearly 30 percent since the beginning of the month...”

Financial markets took the fall surge in stride. They were less sanguine when news broke last week that a new variant of coronavirus, called “omicron,” had been identified in South Africa and was spreading.

Little is currently known about omicron. In *Nature*, Ewan Callaway reported the variant has a significant number of mutations, which is concerning. Scientists are tracking omicron’s spread and working to “understand the variant’s properties, such as whether it can evade immune responses triggered by vaccines and whether it causes more or less severe disease than other variants do.”

Global stock indices and oil prices dropped sharply on Friday, which was a holiday-shortened trading day, reported Chris Prentice and Carolyn Cohn of *Reuters*. U.S. Treasury bonds rallied as bond prices were pushed higher by investors seeking lower-risk opportunities. *FactSet* reported:

“[The Standard & Poor’s 500 Index] logged its worst day since late February and all major indices finished the week in negative territory. All sectors ended lower with moves highly influenced by today’s [COVID-19] variant concerns...Healthcare held up best...”

Although it was overshadowed by news of a new coronavirus variant, the pace at which the Federal Reserve will tighten monetary policy (to keep inflation in check) also was on investors’ minds last week. *Reuters* reported that strategists at Goldman Sachs expected the Fed to tighten faster than anticipated, suggesting that interest rates could move higher sooner.

Data as of 11/26/21	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 Index	-2.2%	22.3%	26.3%	19.8%	15.9%	14.4%
Dow Jones Global ex-U.S. Index	-3.6	3.3	7.9	8.6	7.3	5.1
10-year Treasury Note (yield only)	1.5	N/A	0.8	3.1	2.3	2.0
Gold (per ounce)	-3.2	-4.6	-0.4	13.8	8.7	0.5
Bloomberg Commodity Index	-2.2	28.3	33.8	7.1	3.1	-3.6

S&P 500, Dow Jones Global ex-US, Gold, Bloomberg Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods.

Sources: Yahoo! Finance; MarketWatch; djindexes.com; U.S. Treasury; London Bullion Market Association.

Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

WEAR A SHOE, PLANT A TREE...In 1987, the *United Nations Brundtland Commission* offered a definition for sustainability: Meeting the needs of the present without compromising the ability of future generations to meet their own needs. Today, innovators are developing goods that enhance our lives and the world around us. Here are a few projects that may intrigue shoe enthusiasts:

Apple tree kicks. A Canadian fashion designer has developed biodegradable kicks that have fertilizer and apple seeds in the heels. When the shoe wears out, the owner can bury it and grow a tree. “The materials which the shoe is made from contain naturally-occurring compounds which attract microorganisms to feed on and break down the shoe over three years. Even if you don’t get around to burying them, they will still biodegrade if thrown in a landfill,” reported Andy Corbley of the Good News Network.

Garbage patch sneaks. You may have heard of the Great Pacific Garbage Patch. It’s a spinning vortex of plastic waste and other marine debris that is “...comprised of the Western Garbage Patch, located near Japan, and the Eastern Garbage Patch, located between the U.S. states of Hawaii and California,” reported *National Geographic*. A global sneaker company is recycling plastic ocean debris into polyester yarn that is woven into material for shoes, reported Clancy Morgan of *Business Insider*.

Vegan trainers. A German multinational is working with a biotech start-up to make biological leather from mycelium – the part of fungi that produces mushrooms, according to the Good News Network. The material is a substitute for real leather in athletic shoes. Other companies make vegan leather from pineapple leaves, cork, apple peels, and other materials, reported *Harper’s Bazaar*.

When evaluating sustainable fashion, beware of green washing – claims that a company’s products are environmentally friendly when they’re not. As with so many things, it is important to do your own research.

Weekly Focus – Think About It

“Infinite growth of material consumption in a finite world is an impossibility.”

— *E.F. Schumacher, statistician and economist*

Best regards,

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- * The Dow Jones Global ex-U.S. Index covers approximately 95% of the market capitalization of the 45 developed and emerging countries included in the Index.
- * The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.
- * Gold represents the afternoon gold price as reported by the London Bullion Market Association. The gold price is set twice daily by the London Gold Fixing Company at 10:30 and 15:00 and is expressed in U.S. dollars per fine troy ounce.
- * The Bloomberg Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.
- * The Dow Jones Industrial Average (DJIA), commonly known as "The Dow," is an index representing 30 stock of companies maintained and reviewed by the editors of The Wall Street Journal.
- * The NASDAQ Composite is an unmanaged index of securities traded on the NASDAQ system.
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- * Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.
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