AJF Financial Services, Inc.
John R. Romano, Jr.
Chief Investment Officer, Partner
708 Third Avenue, Ste. 2011
New York, New York 10017
(212) 779-0789 ext. 3
john@ajffinancial.com
https://www.ajffinancial.com/

The CIO Report: October 2021

Index	2020 Close	Prior Month	October 29th	Monthly Change	YTD Change
DJIA	30,606	33,843	35,819	5.84%	17.03%
S&P 500	3,756	4,307	4,605	6.91%	22.61%
Nasdaq	12,888	14,448	15,498	7.27%	20.25%
Russell 2000	1,974	2,204	2,297	4.21%	16.32%
10-Yr. Treasury	0.91%	1.52%	1.55%	3 bps	64 bps
Fed. Funds Target	0.00-0.25%	0.00-0.25%	0.00-0.25%	0 bps	0 bps

Commentary

October posted a strong rebound across U.S. indices after a historically weak September that was further dampened by inflation fears and continued supply chain bottlenecks. Annualized GDP growth of 2%, relatively strong earnings, a strong jobs report, a decreased unemployment rate from 4.8% to 4.6% and increased consumer confidence drove the advance in broad equity markets. The strength of the economic recovery coupled with higher inflation numbers has led The Federal Reserve to indicate a possible scale back in asset purchases as soon as November, but still no clear sign to increase interest rates in the very-short term. The latest CPI report on November 10th indicated inflation rose 6.2% year-over-year, the highest level since 1990. This increase was mostly due to spiking energy prices with oil rising 12.3% in the last month and 59.1% in the last year. Prices for food, healthcare and transportation were also up as the fallout from Covid-19 continues to contribute to labor shortages and increased costs across supply chains. With the holiday season fast approaching, it will be important to look at the level of purchases companies will make in order to avoid further shortages. In the midst of strong consumer demand, there is the chance that businesses may overbuy throughout the holiday season anticipating shortages leading to a restocking effect in the first quarter that will increase supply and lead to a decrease in prices for many consumer goods. On the other hand, however, the increased legislative scrutiny of fossil fuels, ambitions to electrify America in the newly passed Infrastructure Bill and an unpredictable OPEC production schedule point toward a sustained higher price level for oil and natural gas in the short-term. It is our view that the most effective way to combat inflation will prove to be by creating long-term efficiencies and advancements through the emergence of new disruptive technologies. For example, the adoption of artificial intelligence technologies to streamline supply chains and the implementation of autonomous driving trucks would fill a direct need in lowering input costs and the labor shortage we are facing globally.

Any opinions expressed in this forum are not the opinion or view of American Portfolios Financial Services, Inc. (APFS) or American Portfolios Advisors, Inc.(APA) and have not been reviewed by the firm for completeness or accuracy. These opinions are subject to change at any time without notice. Any comments or postings are provided for informational purposes only and do not constitute an offer or a recommendation to buy or sell securities or other financial instruments. Readers should conduct their own review and exercise judgment prior to investing. Investments are not guaranteed, involve risk and may result in a loss of principal. Past performance does not guarantee future results. Securities offered through American Portfolios Financial Services, Inc. (APFS) Member FINRA /SIPC. Investment Advisory Services offered through AJF Financial Services an SEC Registered Investment Advisor which is not affiliated with APFS.