

Monthly Market Commentary

Wow does time fly! It seems like just yesterday we were talking about plans for Memorial Day weekend and now we are in the last month of summer. Not long and kids will be heading back to school and the fall will begin. We hope that you can enjoy the last month of warm weather with family and friends before the leaves change color and we head into the cooler months.

Markets closed the month of July on a mixed note with major indexes in the US posting gains while few international markets in Asia diverged and posted losses. Despite the recent gains, markets remained range bound over the last few months without a clear direction due to heightened concerns of prolonged inflation's impact on growth going forward and renewed uncertainty associated with it. Moreover, the recent spike in Covid cases citing the delta variant have also had some impact on future growth expectations.

GDP for second quarter came in at 12.2% year-over-year and marks one of the strongest growth rates recorded in the last few decades. Some of it can be attributed to the easy compares of last year's depressed level of activity due to Covid; however, we should not totally ignore the underlying strength of the economy fueled by massive stimulus injected over the last year and extremely strong balance sheets of consumers. Having said that, as we have discussed in our prior communications, growth can remain resilient for some time yet but the peak rate of change in growth is probably behind us. These inflection points in either direction have profound impact on various asset class performance going forward. Consequently, we have started to take a slightly defensive approach by maintaining slightly elevated levels of cash. We believe it is prudent to stay patient until we have more clarity on the trajectory of growth and policy before taking a clearer portfolio position.