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Letter from Dan

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I am happy to tell you that you can now [watch](#) or read my mid-quarter letter at your convenience! We are glad to give you the choice of your preference!

The next chapter of the pandemic has us asking if the spread of the Delta variant will cause new shutdowns and masking. People are resistant to both; thankfully the upper Midwest has not seen the surge of new cases like found in the southeastern part of the United States. Government has tried to cajole people to get their vaccinations by paying money to them, or other positive rewards. Employers are tired of worrying about an already tight labor force and are requiring workers to get the vaccine. Some private and public universities are requiring students to be vaccinated before returning to class this fall. Venues are beginning to require proof of vaccination to attend events, or to simply be in the building. I think it is these private sector moves that will motivate people to get their shots, so that they can participate in the events of their lives. Peer pressure is often a stronger force than an authoritarian response. When you hear that the Minnesota State Fair is considering requirement of proof of vaccinations for entry, it catches my attention!

What have the markets done since my last Letter? On July 26, the Dow Jones Industrial Average, NASDAQ Composite and the S&P 500 all hit all time highs. The 10 Year US Treasury has fallen to around 1.35- it was at 1.75 earlier this year. These gains are attributed to the reopening of the economy and are generally positive in nature. Inflation has spiked, but it remains to be seen if it is a short term increase, or if the rise in prices and wages are here to stay for a few years. While I would not be surprised to see some degree of a downturn in the stock market in the next few months, that is also something that happens more often than not- drop in the fall, recovery by the end of the year.

What should we be watching? The drought will most likely cause crop yields to be reduced, thus higher food prices. Residential real estate is still hot- are we getting to a bubble like in previous years? Lenders are in a better position than in 2008, so there is not that worry this time around. There is still a shortage of supplies and the labor that businesses need to satisfy demand to produce and deliver goods. While that is maddening now, it may help to prolong economic recovery over a longer period of time.

What should you do now to help protect against a downturn? Always a good idea is to reduce debt- if you can eliminate a payment from the budget, it helps if times get hard. Should you move money out of the stock market? It is very difficult to time the markets- as soon as you think that you should be out, stocks seem to rise and you miss out. Make sure that your allocations and risk are where you want them to be and you should be fine.

A client asked me recently about whether we hold checks in the office, to try to get into the market on a more favorable basis. The answer to that is no- we are required to submit checks as soon as possible and no later than noon of the day following receipt. But we do not need to buy into securities immediately; sometimes we wait a day or so if we think that the market will be more favorable in the coming days. Our tendency is usually to get in fairly quickly- markets tend to drift higher over time and we do not want to miss out on the better days.

Enjoy the remainder of the summer!

Dan



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