

AS SUMMERTIME ENDS...

We are nearing the end of earnings season, and so far, the results have been rather positive. This should not be very surprising considering the comparison period was during the depths of the pandemic. In absolute terms though, companies have been performing well as the economic rebound continues to unfold. In fact, many have surpassed their 2019 comparable periods, pushing them ahead of pre-Covid levels. The relief of pent-up demand and a return to normalcy have been considerable contributing factors to the recovery. However, investors have recently been tepid and somewhat unforgiving due to the lack of upside earnings revisions they so desperately crave.

There is still significant uncertainty regarding the ultimate path to recovery. The recent uptick in Covid-19 cases due to the Delta variant is certainly of no help. The country is awash with jobs, but fears of possible infection and generous unemployment benefits are impediments to those jobs being filled. Many of the hardest hit sectors are desperately craving their employees come back to work, with sign-up bonuses becoming the new norm. It is difficult to envision a full recovery without a return to normalcy in the labor market. This is a major factor in the Fed's decision to eventually raise rates and is something we are watching very closely as we progress through the end of the year.

As we approach the end of summer, we are cautiously optimistic that the year will end on a high note. Consumer and corporate balance sheets are strong and the desire to consume is robust. Children will hopefully be returning to on-campus learning in the fall, expectantly leading parents to rejoin the labor force shortly thereafter. If this is the case, the recovery should remain on track and benefit the markets through the rest of the year.



Investing involves risk and you may incur a profit or loss regardless of strategy selected, including diversification and asset allocation. Past performance may not be indicative of future results. This material is being provided for information purposes only and is not a complete description, nor is it a recommendation. Investors should consult their investment professional prior to making an investment decision. Opinions expressed are those of the author and are not necessarily those of Raymond James. Expressions of opinion are as of this date and are subject to change without notice. There is no guarantee that these statements, opinions or forecasts provided herein will prove to be correct.