

MARKET SIGHT LINES



A Recap of Recent Guidance

By Michael O'Keeffe, *Chief Investment Officer*



I am traveling this week, and as I thought about possible topics for the next Sight|Lines article, I found myself taking a step back and looking at the topics we've discussed over the last few months. In doing so, I thought it might be helpful to dedicate this week's Sight|Lines to a recap of these topics, and by doing so, show how they weave together to address a number of key areas of focus.

The Robust Recovery

With the highly supportive monetary and fiscal policy, combined with effective vaccines, we have been expecting, and experiencing, a robust recovery in 2021.

But with the delta variant, we have seen lots of news stories about breakthrough cases that have stoked worries among the vaccinated as we track the potential implications for the economic recovery. In **Fighting for Herd Immunity** ([Read](#) | [Watch](#) | [Listen](#)), we reviewed how we're fighting for herd immunity and how our recovery is going given the impact of the delta variant.

Then in **End of Summer Reflections** ([Read](#) | [Watch](#) | [Listen](#)), we offered further reflections on the delta variant, the ongoing reopening of the economy, and the political environment as we moved past the Labor Day holiday to finish out the year.

Fed Policy and Interest Rates

Of course, Federal Reserve (Fed) policy and its effect on interest rates are important to a robust recovery.

In **Headwinds to the Jobs Recovery?** ([Read](#) | [Watch](#) | [Listen](#)), we reviewed how the Fed pursues a dual mandate of price stability and maximum sustainable employment, then we focused on employment, discussing some headwinds and tailwinds to the jobs recovery.

During the week of the September 2021 Fed meeting, we shared **Fed Update: Taper Coming Soon** ([Read](#) | [Watch](#) | [Listen](#)), discussing the Fed's latest thinking about the current and future environment and the potential impact on future monetary policy.

As investors have anticipated tighter Fed policy, interest rates have risen. In **Higher Rates: A Double-Edged Sword** ([Read](#) | [Watch](#) | [Listen](#)), we reviewed the drivers of increasing rates and what higher rates mean for both borrowers and investors.

U.S.-China Competition

As we make our way through the pandemic and the robust recovery, focus will return to a number of longstanding investment topics, including U.S.-China competition.

In **A China Update** ([Read](#) | [Watch](#) | [Listen](#)), we explained how some recent actions by China will affect investors as well as current and future competition with the U.S.

We then went deeper on elements of this competition in **Keeping Our Edge** ([Read](#) | [Watch](#) | [Listen](#)), reviewing some key elements of the U.S. strategy to further strengthen our position in the world economy.

Equity Markets

Of course, with all that is going on, our clients remain keenly focused on the stock market, with particular attention to elevated market levels and the potential for volatility and a market correction.

In **Where Are Earnings Headed?** ([Read](#) | [Watch](#) | [Listen](#)), we provided a summary of the results of the second quarter earnings season, as well as our views about future earnings.

In **Risks to the Stock Market** ([Read](#) | [Watch](#) | [Listen](#)), we addressed the popular question, “Where are stocks going from here?” We included a review of stock market valuation levels, risks to the market, and tailwinds that may drive prices even higher.

Finally, last week we discussed **Big Tech Market Dominance and Higher Valuations** ([Read](#) | [Watch](#) | [Listen](#)), where we shared an analysis of how the S&P 500 Index has changed between 2010 and today, including how these changes influence valuation metrics.

Conclusion

While our Sight|Lines articles are developed each week to share insights on a particular macro or market topic, from time to time we will recap recent articles to help our readers better understand how these topics weave together.

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