



THE CONCORD ADVISORY GROUP, LTD.

Institutional Investment Consulting Services

SEPTEMBER 2021 MARKET HIGHLIGHTS

“ITEM IS ON BACKORDER”

THE CONCORD ADVISORY GROUP, LTD: SEPTEMBER 2021 MARKET HIGHLIGHTS

COMMENTARY: “ITEM IS ON BACKORDER”

The path towards a normal, post pandemic world is proving to be quite bumpy. One issue that seems certain to impact businesses and consumers as we head into the holiday shopping season is the bottleneck of goods trying to flow into the USA. The pandemic shifted consumer preferences away from services and towards goods and ecommerce. Meanwhile the pandemic caused a labor shortage in the critical rail, trucking, warehouse, and longshore workers responsible for moving freight.

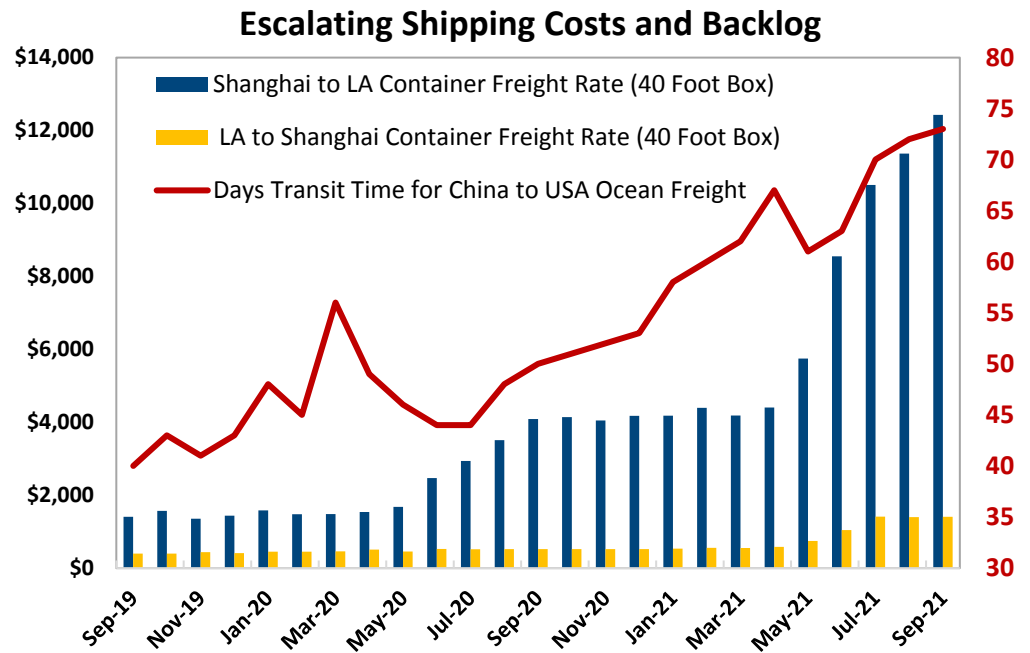
To put the current shipping logjam into perspective, there are 70 container ships anchored or adrift outside the Port of LA–Long Beach waiting to offload. There are enough cargo containers waiting to enter the biggest U.S. gateway port, that if stretched end-to-end, they would extend halfway across the country¹.

The time to ship a container from Asia to America has lengthened from 40 to 73 days² and the cost of shipping a 40-foot container from Shanghai to Los Angeles has increased almost 800% over the last 2-years. The disparity in shipping costs between the U.S. and Asia shows the extent of the U.S. consumer’s dependence on cheap goods from Asia. While it costs over \$12,000 to ship a 40-foot container from Shanghai to Los Angeles, the return trip back to Shanghai only costs \$1,400 and most of the outbound containers leave U.S. ports empty³.

If progress is not made with the twin problems of moving goods and the broader difficulties in filling jobs, the economy will continue to suffer from supply shortages. Supply shortages are inflationary and slow economic growth, i.e. stagflation. Market performance in September, where interest rates increased and stocks were slightly lower, was consistent with the stagflation theme.

At this point in the reopening, it is disappointing to see evidence showing that the bottlenecks in the supply chain are worsening and not improving. For the economic recovery to progress and the view that the recent uptick in inflation is transitory to be correct, these supply chain issues need to be resolved. The expected outcome for these supply problems is a gradual resolution, and the 800% increase in inbound ocean shipping rates provides ample economic incentive to get the flow of goods moving faster.

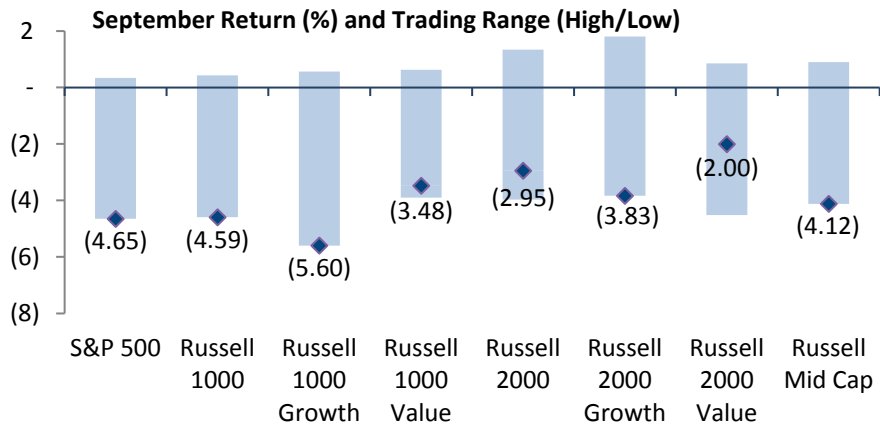
1. Bloomberg (9/17/21) 2. Freightos 3. Bloomberg



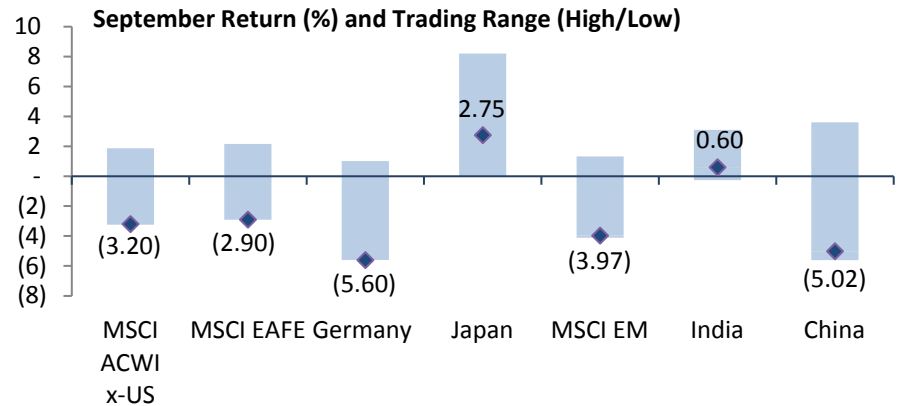
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MONTHLY CHARTS

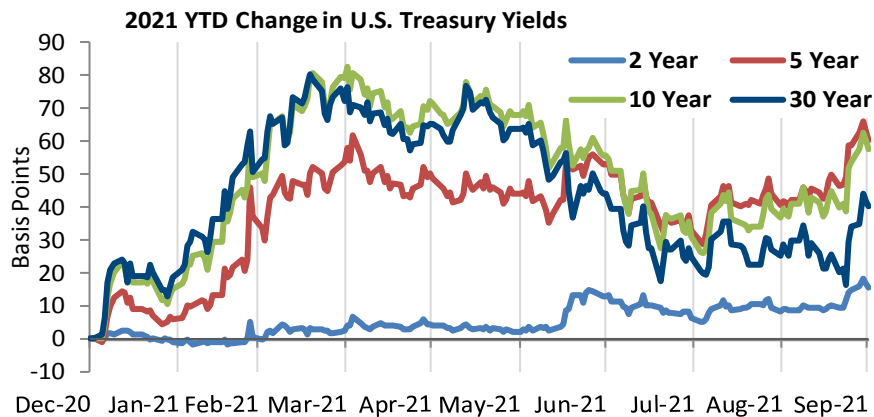
U.S. Equities: U.S. equities experienced a pullback in September, as higher inflation, political gridlock, and signs pointing to reductions in stimulus efforts from the Fed, all weighed on the market.



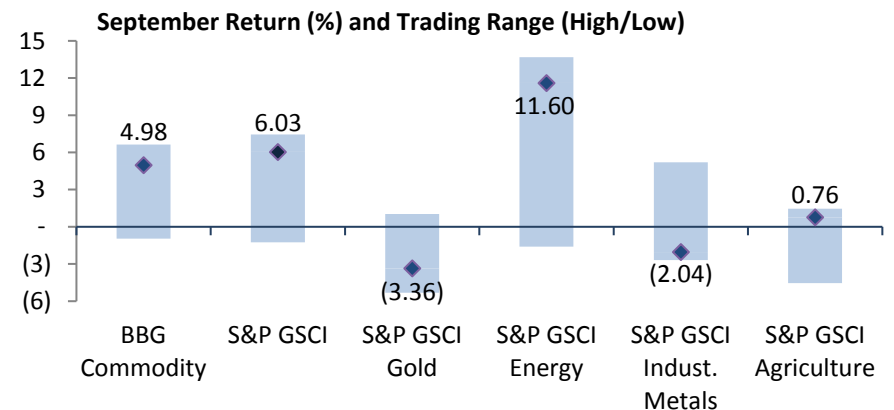
International Equities: Both developed non-U.S. equities and emerging markets outpaced the domestic returns, but still declined during the month. Japan fared well in the risk-off environment.



Fixed Income: Fixed income was mostly negative as yields jumped late in the month. The negative returns were larger in longer maturity bonds, which are more sensitive to changes in interest rates.



Commodities: Broad commodities prices advanced in September, driven higher by strong gains in the Energy sector.



Concord Advisory Group: September 2021 Market Performance

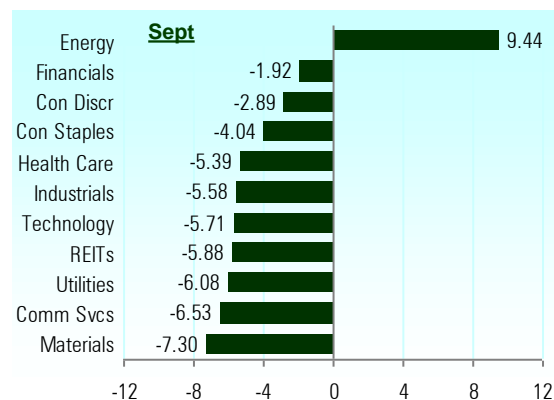
Equity Markets

	Past Month	Past 3 Months	YTD	1 Yr	3 Yrs	5 Yrs
S&P 500	-4.65%	0.58%	15.92%	30.00%	16.00%	16.90%
Russell 1000	-4.59%	0.21%	15.19%	30.96%	16.43%	17.11%
Russell 1000 Growth	-5.60%	1.16%	14.30%	27.32%	22.01%	22.84%
Russell 1000 Value	-3.48%	-0.78%	16.14%	35.01%	10.08%	10.94%
Russell MidCap	-4.12%	-0.93%	15.17%	38.11%	14.22%	14.39%
Russell 2000	-2.95%	-4.36%	12.41%	47.68%	10.54%	13.45%
Russell 2000 Growth	-3.83%	-5.65%	2.82%	33.27%	11.70%	15.34%
Russell 2000 Value	-2.00%	-2.98%	22.92%	63.92%	8.59%	11.03%
MSCI ACWI	-4.13%	-1.05%	11.12%	27.44%	12.58%	13.20%
MSCI World	-4.15%	-0.01%	13.04%	28.82%	13.14%	13.74%
MSCI ACWI Ex-US	-3.20%	-2.99%	5.90%	23.92%	8.02%	8.94%
MSCI EAFE	-2.90%	-0.45%	8.35%	25.73%	7.62%	8.81%
MSCI EM	-3.97%	-8.09%	-1.25%	18.20%	8.59%	9.23%
Bloomberg Commodity	4.98%	6.59%	29.13%	42.29%	6.86%	4.54%

Fixed Income Markets

	Past Month	Past 3 Months	YTD	1 Yr	3 Yrs	5 Yrs
Barclays Capital Aggregate	-0.87%	0.05%	-1.55%	-0.90%	5.36%	2.94%
Barclays Capital Global Aggregate	-1.78%	-0.88%	-4.06%	-0.91%	4.24%	1.99%
Barclays Capital Intermediate Aggregate	-0.51%	0.05%	-0.79%	-0.38%	4.39%	2.47%
Barclays Capital Universal	-0.85%	0.07%	-1.07%	0.20%	5.57%	3.30%
Barclays Capital Government	-1.06%	0.08%	-2.42%	-3.20%	4.89%	2.26%
Barclays Capital Credit	-1.07%	-0.03%	-1.30%	1.45%	7.10%	4.38%
Barclays Capital Municipal	-0.72%	-0.27%	0.79%	2.63%	5.07%	3.26%
Barclays Capital High Yield	-0.01%	0.89%	4.53%	11.28%	6.91%	6.51%
Barclays Capital Mortgage	-0.36%	0.10%	-0.67%	-0.43%	3.85%	2.16%
Barclays Capital 1-3 Yr Gov/Credit	-0.08%	0.09%	0.09%	0.30%	2.88%	1.89%
FTSE 3-Month Treasury Bill	0.00%	0.01%	0.03%	0.06%	1.14%	1.13%
FTSE World Govt Bond	-2.26%	-1.24%	-5.93%	-3.33%	3.73%	1.35%
Barclays Capital U.S. TIPS	-0.71%	1.75%	3.51%	5.19%	7.46%	4.34%
BofAML Invest Grade Convertible	-1.21%	0.44%	5.09%	15.19%	9.78%	12.26%

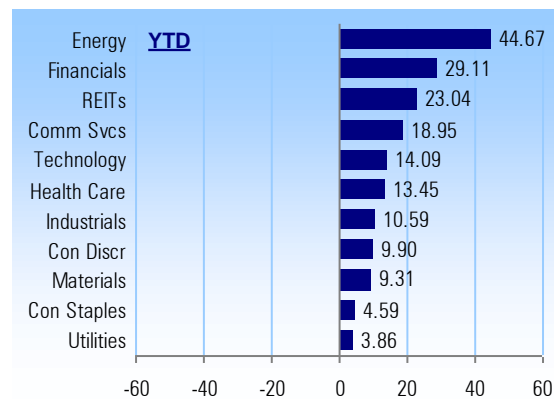
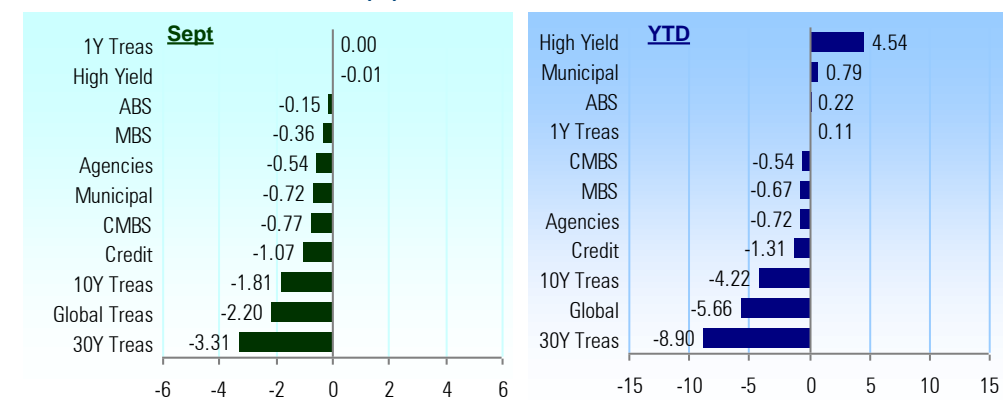
Equity Sector Returns (%)



Equity Style Returns (%)

	Value	Core	Growth
Large	-3.48	-4.59	-5.60
Mid	-3.68	-4.12	-4.84
Small	-2.00	-2.95	-3.83

Fixed Income Sector Returns (%)



	Value	Core	Growth
Large	16.14	15.19	14.30
Mid	18.24	15.17	9.60
Small	22.92	12.41	2.82

Treasury Yield Curve

