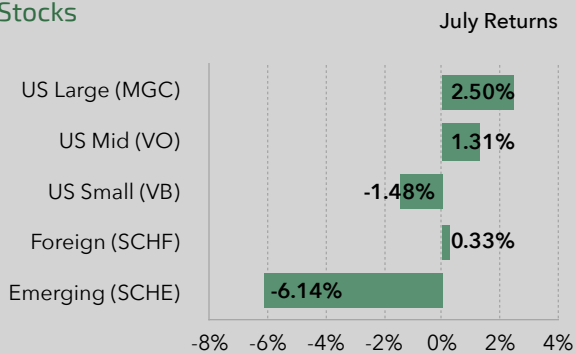


July 2021

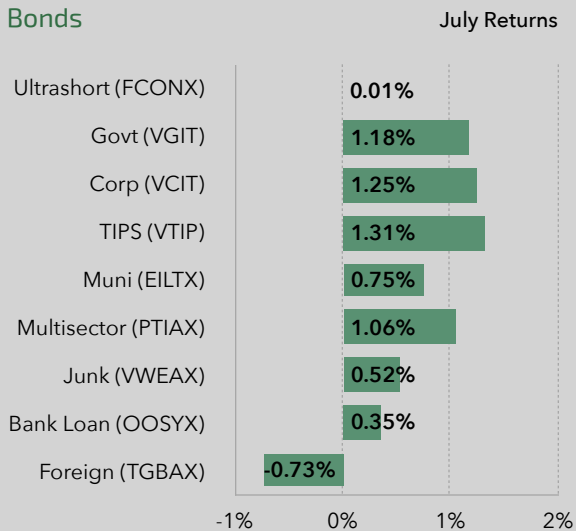
Economic Data

- Total nonfarm employment rose 943,000 in July, and survey data showed the unemployment rate fell 0.5% at 5.4%
- Retail sales were up 0.6% for the month of June, with strength in department stores and electronics & appliances
- Y/y inflation (CPI) continues to heat up, hitting 5.4% in June with used car prices still climbing rapidly
- Existing home sales rose for the first time in five months, clocking a modest gain of 1.4% in June; median home price was \$363,300—up 23.4% y/y

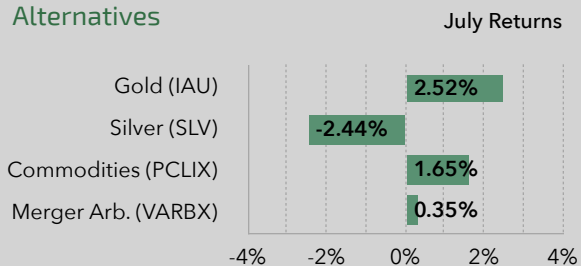
Stocks



Bonds



Alternatives



Performance data provided by Morningstar.

The brain uses two systems to process information. The first type is intuitive but lazy, rapidly forming judgements with no conscious input. The second system is slow, reflective, and is not guided by emotions. It is that second system — type 2 — that we want in control of our investment portfolios.

CFA Pass Rates Plummet

Earning the right to use the Chartered Financial Analyst® designation (CFA) was probably the most difficult thing I've accomplished in my life. The CFA designation is globally recognized and is considered by many to be the "gold standard" in the industry. The process for becoming a charterholder includes passing three rigorous exams that test the candidates' knowledge of a comprehensive curriculum spanning over 2,000 pages.

When I earned the right to use the CFA designation back in 2008, I was told at that time less than one in five candidates who begin the process eventually ended up earning their charter. Candidates typically spend 250-300 hours studying for each exam, and yet the average pass rate has only been 42% over the past decade, according to the CFA Institute. Apparently COVID has made it even harder, with scheduled exams being cancelled or postponed, causing a start/stop/start situation for the study schedule of many candidates. The result was an abysmal pass rate of only 25% for the most recent Level I examination, the lowest since testing began in 1963. Ouch.

Back to Work

26 states have now cut off the juiced up unemployment benefits over the past couple of months. It's a bit early to tell what kind of impact this is going to have on unemployment data, but the dichotomy will present an interesting opportunity to evaluate the effectiveness of the different approaches. It should be no surprise, however, that according to the Department of Labor the highest insured unemployment rates in the week ending July 17 were in California (5.2%), Nevada (4.1%), Rhode Island (4.0%), Illinois (3.7%), New Jersey (3.7%), Connecticut (3.3%), New York (3.3%), District of Columbia (3.1%), and Pennsylvania (3.0%); all of which have maintained expanded federal benefits.

Overall, employment data has been very encouraging as of late. Total nonfarm employment smashed expectations by rising 943,000 in July, and survey data showed the unemployment rate fell 0.5% at 5.4%. Furthermore, the number of long-term unemployed (those jobless for 27 weeks or more) decreased by 560,000 in July to 3.4 million.

Job Openings



Source: U.S. Bureau of Labor Statistics

So people are going back to work, which is good because businesses are in desperate need of workers. JOLTS data for June showed that job openings hit a record high in the month with 10.073 million. That is 1.371 million more job openings compared to the total number of unemployed people, which as of July was 8.702 million. With expanded benefits and Pandemic Unemployment Assistance (PUA) set to expire across the rest of the country on September 6, hopefully these jobs will start to get filled. Until then, it seems now might be a good time to ask your boss for a raise.

Other Benefit Expirations

In addition to expanded unemployment benefits, a number of other programs are still in play:

- The eviction ban that was supposed to expire August 1 has been extended through October 3, 2021
- A 15% increase in food stamp (SNAP) benefits is still set to expire September 30
- The moratorium on Federal Student loan payments has been extended yet again, now until the end of January 2022
- The monthly expanded child tax credit payments will last through the end of 2021
- Mortgage forbearance ended June 30, but up to six months of additional relief is available to those who entered forbearance before then

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Tactical Asset Allocation					
Asset Class	Heavy Under-weight	Under-weight	Neutral	Over-weight	Heavy Over-weight
Fixed Income					
Duration	●				
Inflation				●	
Credit	●				
Foreign				●	
Equities					
Large Cap	●				
Mid Cap		●			
Small Cap	●				
Developed Intl.		●			
Emerging			●		
Alternatives					
Commodities					●
Hedging					●

Binge Box

Manhunt: Deadly Games (Netflix)

Manhunt: Deadly Games is a full season show that chronicles the events surrounding the Centennial Park bombing at the 1996 Olympic Games in Atlanta. It's compassionate storytelling that does a good job of demonstrating the danger of government overreach and reckless media coverage as both relentlessly vilify Richard Jewell, an innocent man whose quick and determined actions most likely saved the lives of dozens of people, if not more. Jewell might be flawed, but he's full of good intentions and it's heartbreaking what that man went through. The show also does a great job of covering all of the other sides to the story.

About EmeraldSpark

EmeraldSpark Investments, LLC is a Registered Investment Adviser based in Chicago, IL. We were founded by Ryan P. Layton, CFA in 2015 to provide personalized financial planning and fiduciary investment management services to select clients. Our investment process blends the foundations of Modern Portfolio Theory with the latest research in the field of behavioral finance. We specialize in asset allocation and investment due diligence to help provide our clients with investment strategies personalized to match their specific goals and risk comfort zone.

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