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June 1, 2021

## Monthly Market Review

Provided by Kistler-Tiffany Advisors  
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The legal requirement that the sitting US president submit a budget proposal to Congress between the first Monday in January and the first Monday in February is rarely followed. The Biden administration not only waited until late May to deliver its fiscal year 2022 plan (i.e., the 12-months ending 9/30/22) but released the 66-page document last Friday afternoon leading into a 3-day holiday weekend. The numbers, albeit nothing more than an initial starting point for Washington lawmakers to consider, are stunning: \$4.2 trillion of projected tax receipts, overwhelmed by \$6.0 trillion of estimated government spending, netting to a forecasted \$1.8 trillion deficit (source: Biden White House).

The back-and-forth in Washington on an “infrastructure” deal continues. The White House had originally proposed spending of \$2.3 trillion (3/31/21) but has since revised the total downward to \$1.7 trillion (5/21/21). Republican lawmakers initially backed a much smaller \$568 billion plan (4/22/21), before increasing to \$928 billion last week (5/27/21). “How much to spend” is still a question, as is “how to pay for” whatever spending number is agreed to (source: Congress).

The first 5 months of calendar year 2021 of stock trading are complete, and the S&P 500 is already up +12.6% YTD (total return), 2 ½ times the average for the 5-month period. The upcoming summer months of June-July-August however are ranked 10th, 5th and 11th in terms of S&P 500 performance over the last 30 years, i.e., 1991-2020, gaining an average of +1.1% (total return) over the 3-months (source: BTN Research).

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### **Notable Numbers for the Month:**

1. **MARGIN DEBT**- The use of **margin debt** on the New York Stock Exchange (NYSE) increased to a record \$847 billion in April 2021, the **6th consecutive month** setting an all-time high (source: Financial Industry Regulatory Authority).

- PRINT AND PURCHASE** - The Federal Reserve's balance sheet reached **\$7.33 trillion** as of 5/26/21, up from **\$3.82 trillion** as of 2/05/20, the result of new purchases of US Treasuries (up +\$2.66 trillion) and of mortgage-backed securities (up +\$857 billion). The first US pandemic death occurred on 2/06/20 (source: Federal Reserve).
- WHERE WE LIVE** - Existing home prices in the United States have risen for **39 consecutive quarters** through the end of the 1st quarter 2021, i.e., from 6/30/11 through 3/31/21 (source: FHFA).  
**START A BUSINESS** - Americans filed **4.33 million** "new business" applications in calendar year 2020, up +24% from 3.49 million filed in 2019, and up +75% from **2.48 million** filed in 2010 (source: Census Bureau).

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The above communication is written by Michael A. Higley. Mr. Higley is not an employee of Kistler-Tiffany Advisors and any comments, opinions or facts listed are those of Mr. Higley.

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