

## Summer has flown by.....AGAIN!

The market has been temperamental as of late, having its go at some long term overhead resistance, but all-in-all there has been some steady improvement. To the market's credit, it has weathered it's share of major headlines over the past few weeks – one in particular being the “stance” of the Federal Reserve and its Chief, Jerome Powell.



### To the FED

Each week I have the great fortune of sitting down with Oppenheimer's very own Rick Maniss. Rick is Managing Director of Municipal Trading here at Oppenheimer. We thought it would be helpful to share his perspective (and 34 years of experience) on the interest rate situation that we know is top of mind for many.

### Rick's Thoughts

At the time of this writing the 10-year US Treasury bond is at 1.30%. The bond has been in a range of 1.18% to 1.74 for the last six months with the backdrop of the Federal Reserve continuing its QE (Quantitative easing) strategy of purchasing \$120 billion in US treasuries and mortgage backed securities every month. This has resulted in the doubling of



the Fed's balance sheet to over \$8 trillion since the start of the pandemic! There has recently been discussion of the Fed 'tapering' or reducing its monthly bond purchases. The Fed has signaled that this tapering process would occur before any change in short term rate policy which has hovered near zero for 17 months. There are members of the Federal Reserve that are concerned about inflation due to the prolonged duration of the Fed's accommodative monetary policy. The problem is previous attempts to trim bond purchases has been disruptive to equity markets and results in political blowback.



The term for Federal Reserve Chairman Jerome Powell is up at the end of January 2022. It is believed he would like to be nominated to another four year term. It seems Chairman Powell would be wary of any move that would cause setbacks to equity markets and jeopardize his chance for another appointment. For this reason, the Federal Reserve will be very sensitive to the reaction of the stock market should tapering actually begin.

For the reasons outlined, interest rates through the end of the year should remain in the range we have seen over the past several months in order to maintain a steady positive trend in equity markets.

### Moving Forward

While we are closely monitoring the current beneath the surface, we remain cautiously optimistic as the economic recovery rolls forward. As we relish the end of another beautiful summer, we think it makes sense for us all to reevaluate our financial goals and plans in what has been a turbulent 20 months. We are looking forward to working closely with you to tailor a strategy that will give you peace of mind in the years ahead.

*Wishing you all the best on this Holiday weekend,  
 John, Michael, Mark and Steven*  
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## - Spotlight Sections -

### Sub-Sector Spotlight

#### Cyber Security

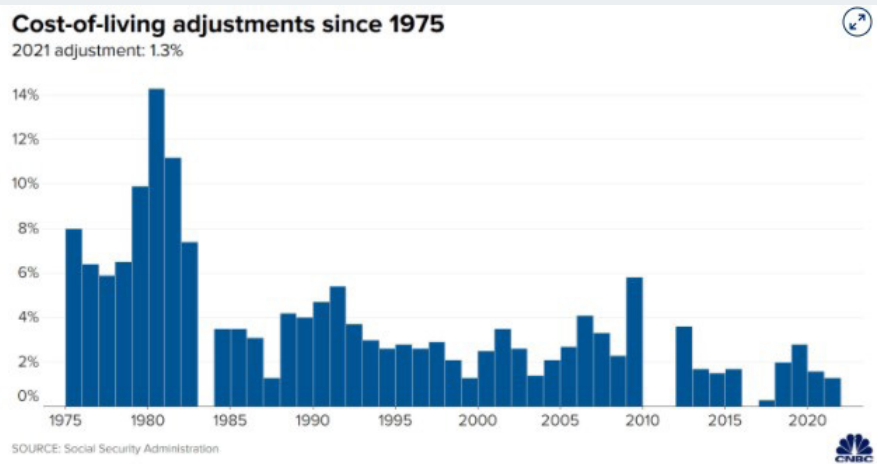
You have undoubtedly heard at least a few headlines regarding cyber-attacks over the past year. This is a global issue – nations, corporations and consumers suffer attacks daily. We believe there will be continued growth behind this subsector as vulnerable parties invest heavily on security.

| Market                              | 2019   | 2020   | Growth (%) |
|-------------------------------------|--------|--------|------------|
| Application Security                | 3,095  | 3,287  | 6.2        |
| Cloud Security                      | 439    | 585    | 33.3       |
| Data Security                       | 2,662  | 2,852  | 7.2        |
| Identity Access Management          | 9,837  | 10,409 | 5.8        |
| Infrastructure Protection           | 16,520 | 17,483 | 5.8        |
| Integrated Risk Management          | 4,555  | 4,731  | 3.8        |
| Network Security Equipment          | 13,387 | 11,694 | -12.6      |
| Other Information Security Software | 2,206  | 2,273  | 3.1        |
| Security Services                   | 61,979 | 64,270 | 3.7        |
| Consumer Security Software          | 6,254  | 6,235  | -0.3       |

Source: Gartner (June 2020)

### Social Security Benefit Hike

The Social Security Administration's cost-of-living adjustment (COLA) could rise by 6.2% in 2022. This would constitute the largest-year-over-year rise in benefits since 1982.



Source: Smart Asset

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