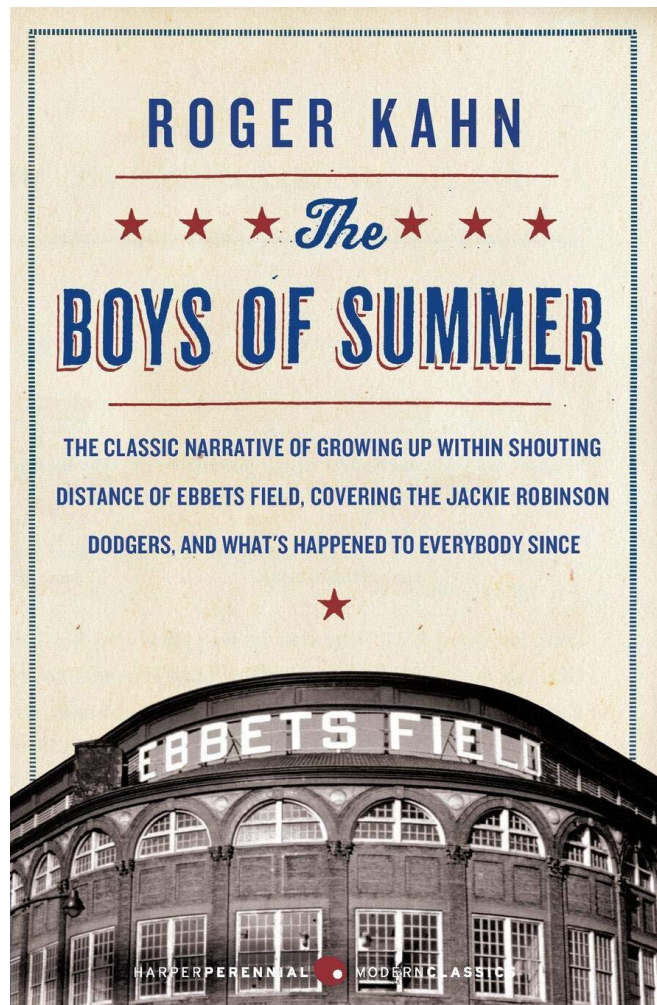


RETIREMENT PLANS THAT “CLEARLY” WORK FOR YOU.



Prizant Group



ARTFUL DODGER: A character in Charles Dickens' 1838 novel "Oliver

Twist"



In Oliver Twist, Charles Dickens introduces a young pickpocket named Jack Dawkins who most people refer to him as "the Artful Dodger" The nickname describes his skill at his trade: his mind is cunning, his fingers are sly, and he's quick on his feet—making an "art" out of thieving on the crowded London streets.

The Artful Dodger is the young leader in Fagin's gang of street urchins. Although he's only a child, like Oliver, he carries himself as someone much older, as Dickens describes:

He was a snub-nosed, flat-bowed, common-faced boy enough; and as dirty a juvenile as one would wish to see; but he had about him all the airs and manners of a man . . . He wore a man's coat, which reached nearly to his heels. He had turned the cuffs back, half-way up his arm, to get his hands out of the sleeves: apparently with the ultimate view of thrusting them into the pockets of his corduroy trousers; for there he kept them. He was, altogether, as roistering and swaggering a young gentleman as ever...

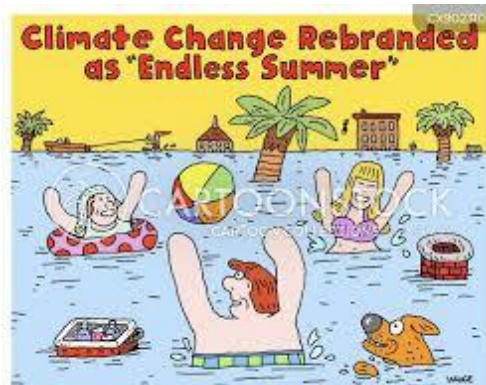
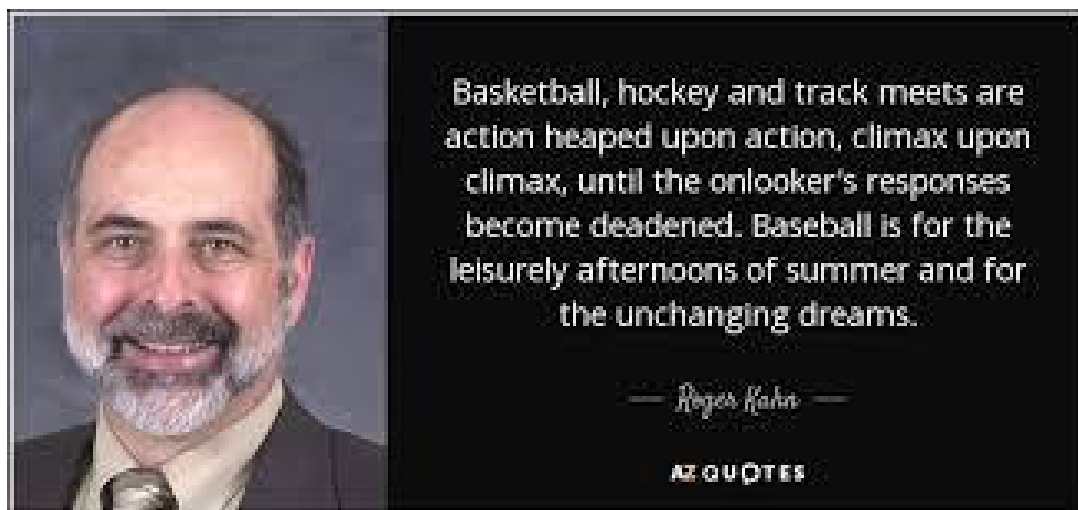


Though I am not, and never was, a Dodgers fan, I admit with unabashed pride to the love of one Sandy Koufax. Being Jewish, Koufax (along with Hank Greenberg) represented a **MINUSCULE** group of Jewish sport professionals. Besides being one of the greatest pitchers of all time [Koufax](#) in a career shortened by arm injuries, Koufax made another sort of history by refusing to

pitch in the 1965 World Series on Yom Kippur (**Also known as the Day of Atonement, is the holiest day of the year in Judaism. Its central themes are atonement and repentance. Jews traditionally observe this holy day with a day-long fast and intensive prayer, often spending most of the day in synagogue services).**

In 1965, Sandy Koufax refused to pitch in Game One of the World Series because it was Yom Kippur, a Jewish holy day. ... "I bet right now you wish I was Jewish, too," Drysdale said to Walter Alston when the manager came to pull him from the game. The Dodgers lost to the Minnesota Twins, 8-2.

The superb book by Roger Kahn "Boys of Summer" follows the original Dodgers and their stars (Brooklyn that is) through their glory days in the 1950's and beyond. Baseball was (past tense) America's Pastime. It is from another era were time was not such a precious commodity and social interaction occurred effortlessly. Alas, no more, but so it goes.



Summertime: family vacations, beach reading, state fairs, outdoor concerts, boardwalks, amusement parks, summer songs [Radar Love](#), back-to-school sales, football training camps, heat index warnings, rotting, smelly garbage,

dead grass, dog days, heat index warnings, unidentified skin rashes, airborne allergies, wildfires, upcoming school dread, day/overnight camps, mosquitoes/fireflies/dragonflies/black flies (where is my fly swatter?) rotting garbage, sunburn, and so much more.

As we trudge into the Fall season, one sincerely hopes that the scourge of severe acute respiratory syndrome-related coronavirus 2, or SARS-CoV-2; (a.k.a. The Rona, The Vid, The COVID) is behind us. Unfortunately, with only around 49% of adult Americans vaccinated, it may truly be "False Hope." The "Delta Variant" (Add Lambda, Gamma, we may make it through the entire Greek Alphabet before it is over!) mutated its nefarious way on to our shores and is causing quite a ruckus for the unvaccinated. [UNVAXXED](#). As good as this economy looks right now, a major onset of COVID variants will put a major damper on our road to recovery. Furthermore, the specter of inflation is rearing its ugly head with or without the acknowledgement of the Federal Reserve. We used to be concerned with the "Velocity of Money" by way of the famous monetarist economist Dr. Milton Friedman. [Friedman](#)

June's inflation index jumped 5.4% from a year ago, the highest reading since August 2008. The experts were surprised. Clearly, Federal Reserve watchers never bothered to consult Milton Friedman. Lost is a core Friedman dictum: "Inflation is always and everywhere a monetary phenomenon."

In his Feb. 23 testimony to Congress, Fed Chairman Jerome Powell said that the growth in the money supply, specifically M2, "doesn't really have important implications." The experts, the press and the bond vigilantes were as quick to unlearn monetarism, if they ever had learned it, as Mr. Powell. Reporting about U.S. inflation rarely contains the words "money supply." We are repeatedly told that the most recent upticks in inflation are anomalous and "transitory."

Wrong. The inflation upticks aren't temporary and were predictable, driven by an extraordinary explosion in the money supply. Since March 2020, the M2 has been growing at an average annualized rate of 23.9%—the fastest since World War II. There is so much money out there that banks don't know what to do with it. Via reverse repurchase agreements, banks and money-market funds are lending money to the Fed to the tune of \$860 billion. That's unprecedented.

According to monetarism, asset-price inflation should have occurred with a lag of one to nine months. Then, with a lag of six to 18 months, economic activity should have started to pick up. Lastly, after a lag of 12 to 24 months, generalized inflation should have set in. That's the standard monetarist sequence, and it's been followed to a T.

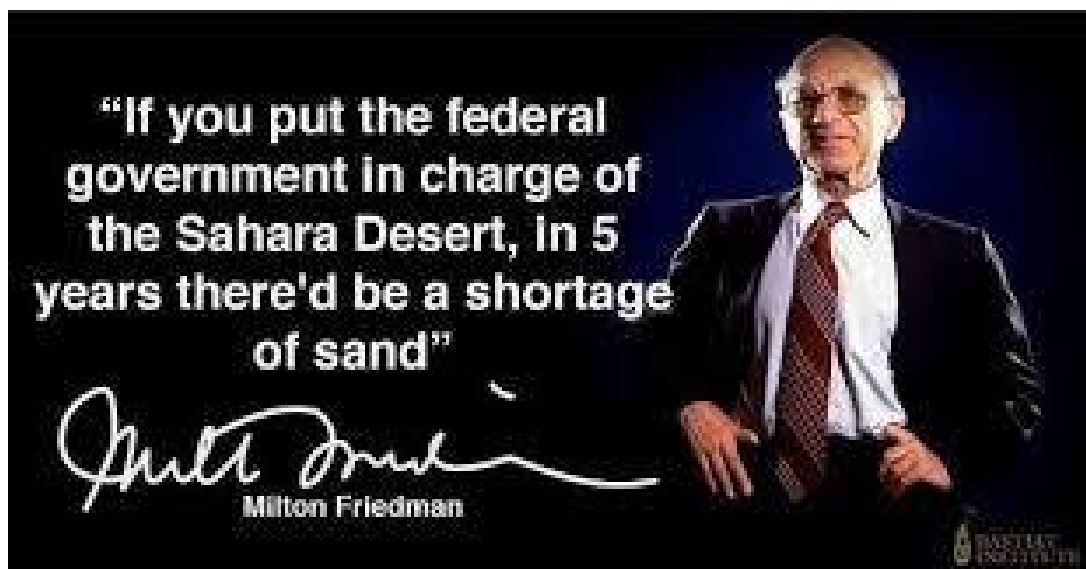
To get a handle on what the recent money supply explosion implies for inflation, consider a monetarist model for determining national income. That famous model was displayed on Milton Friedman's California license plates. It's compact: $MV=Py$, where M is the money supply, V is the velocity of money (the speed at which it circulates), P is the price level, and y is real gross domestic product.

Plug numbers into the model and solve for M, and money supply (M2) should be growing at around 6% a year for the Fed to hit its inflation target of 2%. With M2 growing at nearly four times the "ideal" rate since March 2020, inflation is baked into the cake, and it's likely to persist. By the end of the year, the year-over-year inflation rate will be at least 6% and possibly as high as 9%.

Some who like to throw cold water on monetarism argue that the velocity of money has collapsed and will mitigate the inflationary impact of the rapid growth of the money supply. While velocity did collapse with the onset of Covid, it's on track to pick up until the end of 2024. Consequently, velocity will grease the monetary wheels. That's why inflation might hit the high end of our forecast range.

Mr. Powell and his colleagues should start paying attention to the money supply. Money matters. Indeed, it dominates.

[Uncle Milt](#)





My educated guess is that a substantial bout of inflation is coming around the corner (though the current Bond Market says otherwise!) **Bonds** Our supply chains are stretched to the breaking point and demand for goods and services is off the charts. There is a massive semiconductor chip shortage (and what doesn't need a multitude of chips these days?) that is crimping the production of everything from full sized pickup trucks to toothbrushes **Chips** Meanwhile, the nation is lacking qualified construction workers to keep up with the pent up housing demand. **Construction** Furthermore, whether the retail/service industries like it or not, the **de facto** Federal Minimum Wage is \$15/hour. Though I did not major in economics at Northwestern, I understand the "Law of Supply and Demand." Excessive DEMAND with shrinking SUPPLY means HIGHER wages and prices for goods/services.

ONLY ONCE - Inflation, using the "Consumer Price Index" (CPI) as the measurement, was up +5.4% on a trailing 1-year basis as of 6/30/21. In the last 30 years, there was only 1 month when trailing 1-year inflation was greater than +5.4%. Inflation was up +5.6% for the 1-year ending 7/31/08 (source: Department of Labor).

If inflation is transitory, so much the better, if not then we will be singing the "Summertime Blues" **Blues**

We, at **The Prizant Group** understand the ravages of inflation. We experienced it in the 1970's (My first mortgage was a 6- month secured note at 16%!) **Rates** when the annual inflation rate was running **7.1%** and **ONE YEAR TREASURY BONDS WERE PAYING 16%! 70's**. We do not expect the kind of inflation of the 1970's but it is best to prepare for a substantial increase in the general cost of living. We will weather the storm and a little inflation won't hurt the overall economy and would be beneficial to the seniors would could use more income from their cash, certificates of deposit, fixed annuities, and bond investments. (with a little assistance from Social Security with higher annual COLA increases). As my wife always says about her business dealings **"You Need To Manage People's Expectations."** So, take a yoga breath, a shot of your favorite hard liquor, pop a THC infused gummy bear or vape a hit from your legal

cannabis stash, and **R-E-L-A-X**. [Relax](#).

We are here to help guide your retirement plan assets through the topsy-turvy world of interest rates, stock markets, and bond valuations. Your job is to reach for those annual IRS deferral limits (2021: \$19,500 plus \$6,500 for those 50 years of age or turning in 2021).. Short term it may get a little bumpy, but we will "ride it out" and if history continues to repeat itself (has not failed us yet for better or worse); your retirement portfolio will be just fine.

Sanford Prizant (President) The Prizant Group, Ltd.

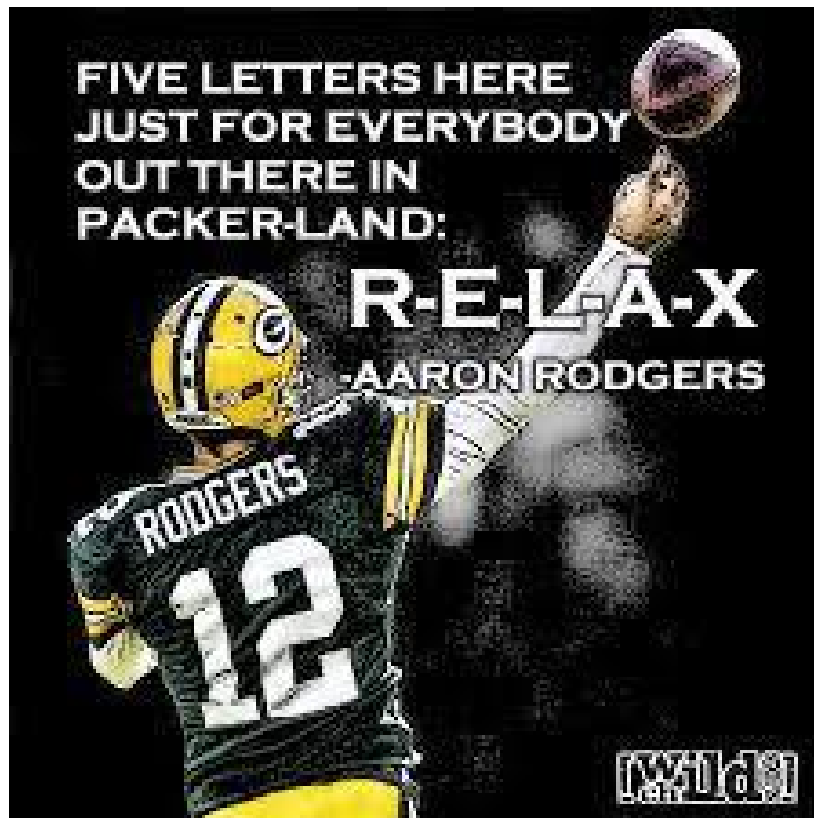
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