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WILL TODAY'S INFLATION *LEAD TO YOUR PORTFOLIO'S DEVASTATION?*



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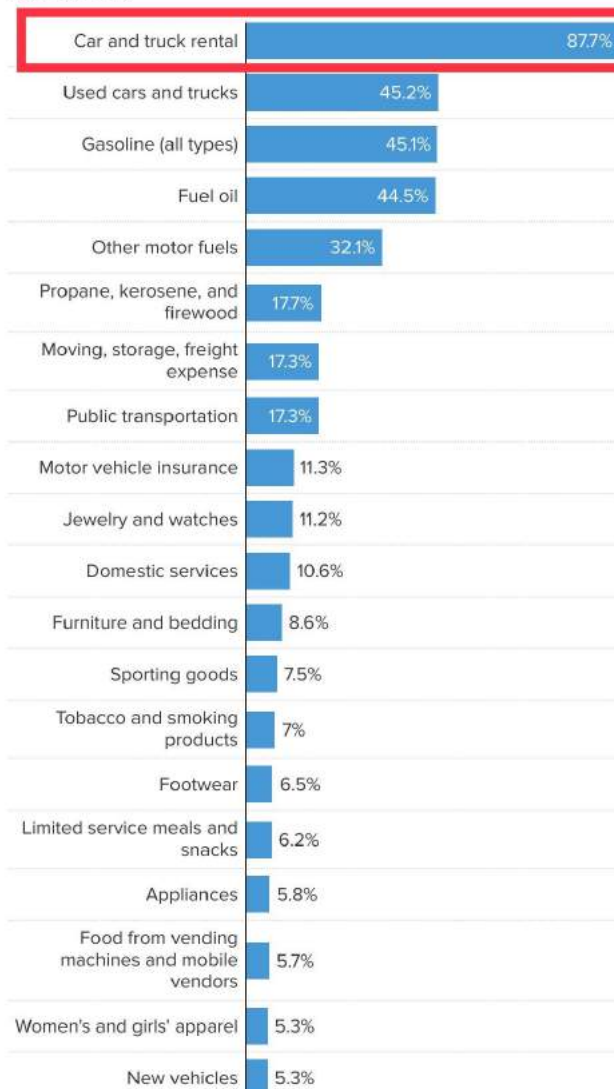
Will Today's Inflation Lead to Your Portfolio's Devastation?

Trending Today - 8.13.2021

Have you tried to rent a car lately?

Change in price from one year ago

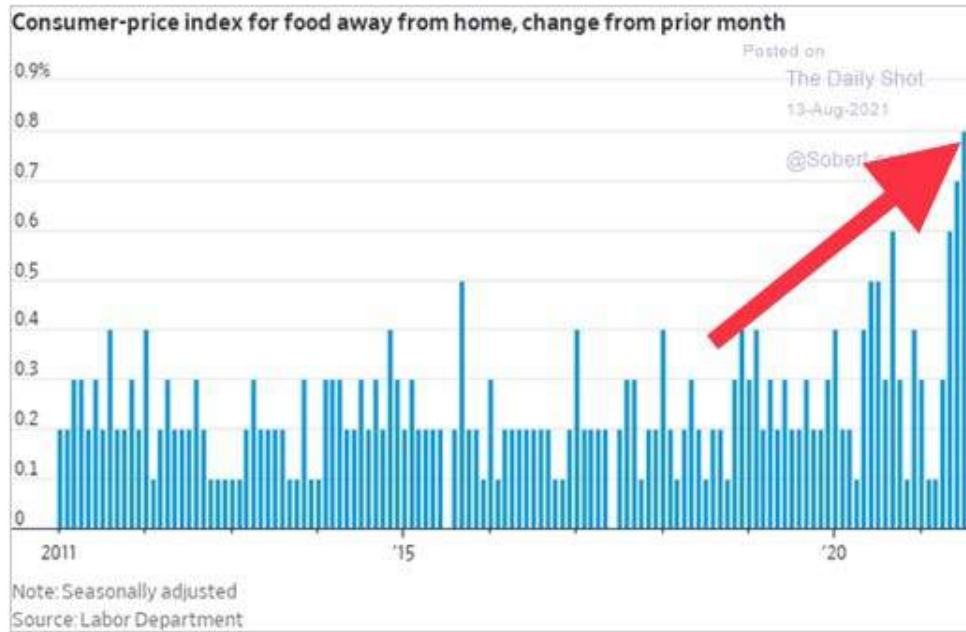
Top 20 items



Source: Bureau of Labor Statistics. Data is unadjusted.



Go out to eat?



Take an [Uber or Lyft](#)?

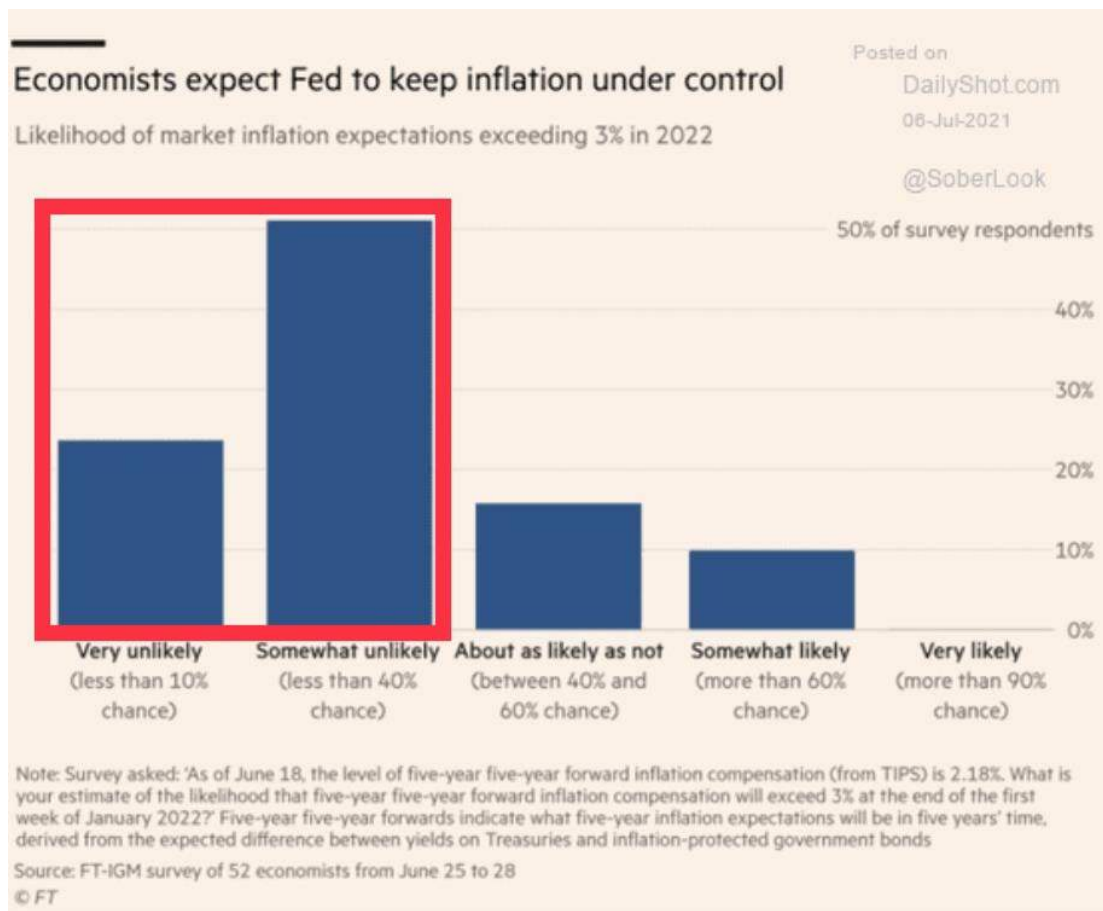


[As our economy continues to open up after massive lockdowns](#), there is no question we are feeling the effects of inflation.

[Now at a 13 year high](#), the overall measure of CPI for the month of July matched the highest reading of [headline CPI](#) since 2008 - an estimated rise of 5.4% over last year!

What does this inflation mean? Is inflation good or bad? How can inflation affect interest rates? All important questions, especially in the current environment of rising prices that we find ourselves in.

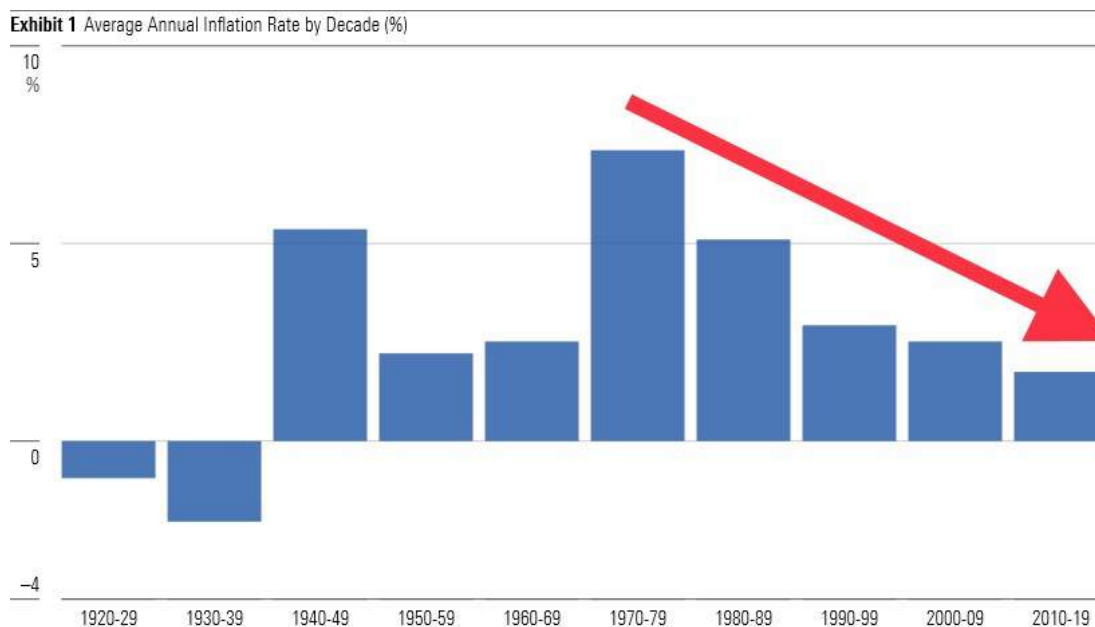
Opinion remains divided on whether consumer and producer price inflation rates will be "[transitory](#)" or "[enduring](#)" in the months ahead, and at [Towerpoint Wealth](#), we believe the jury is still out in terms of arriving at a definitive conclusion. Putting aside our skepticism about the ability of experts to accurately predict the future, a late June, 2021 survey of 52 economists found that 70% estimated the likelihood of inflation exceeding 3% in 2022 to be "somewhat unlikely" or "very unlikely."



The answers to the questions "What does inflation mean?" and "Is inflation good or bad" can be succinctly summarized like this:

1. **Inflation erodes purchasing power**, as it represents a decrease in the purchasing power of a currency due to a rise in prices
2. **Inflation encourages spending and investing**, as people buy and invest now, rather than later
3. **Inflation raises the cost of borrowing**, as interest rates tend to increase when inflation occurs (good for savers, bad for borrowers)
4. **Inflation reduces unemployment**, as unemployment falls, employers are forced to pay more for workers, and as wages rise, consumers tend to spend more
5. **Inflation increases growth**, as consumers and businesses have an incentive to spend and invest *today*, rather than *tomorrow*, when prices are assumedly higher

Before the pandemic, inflation had been in a [secular decline](#) since the 1970's:



Source: Morningstar Direct. Data as of February 28, 2021.

Clearly 2021 has been different, and at least for the time being, this secular decline is over. Understanding that [inflation is an important force that can dictate the performance and stability of an economy](#), we have our fingers crossed that the "slow and steady" inflationary environment of the past three decades returns, subsequent to our economy continuing to normalize after the roller coaster it has been on since March of last year.



What's Happening at TPW?

Our Client Service Specialist, [Michelle Venezia](#), moved from crabbing to clubbing while on her [Norwegian Cruise Line](#) cruise through Alaskan waters earlier this month, with [Ketchikan](#) being the port of call!

You look great in both photos Michelle, glad to see you having so much fun on your vacation!



Alaska has definitely been the theme at [Towerpoint Wealth](#), as our [Director of Tax and Financial Planning, Steve Pitchford](#), went on an epic adventure with his partner, Katie, touring and hiking through [Denali National Park and Preserve](#) late last month!





Illustrations/Graphs of the Week

Think long term. Patience pays...

Usain Bolt won 8 gold medals in 3 Olympics, and he only ran for less than 115 seconds on the track, earning \$119 million dollars. That's economy of effort.

But for those 2 minutes, he trained for 20 years. That's investment. Think long term. Patience pays.



Broken record - think long term - patience pays!



Trending Today

As the 24/7 news cycle churns, twists, and turns, there have been a number of trending and notable events that have occurred over the past few weeks:

- [The Delta variant continues to drive COVID-19 case and death numbers across the US](#)
- [Paying tribute to the classic 1989 baseball film, Major League Baseball's first ever regular season *Field of Dreams* game was played last night in Dyersville, Iowa, with the Chicago White Sox "walking off" versus the N.Y. Yankees](#)
- [Top Biden officials visit Mexico to discuss illegal migration](#)
- [The Dixie Fire, now the second-largest recorded wildfire in CA state history, has burned over 510,000 acres and was just 30% contained as of mid-day Thursday](#)
- [Usually, Back to School means new clothes and lunchboxes. This year, it means a lot more. Here are how Northern CA school districts are preparing](#)
- [The CDC extended a federal moratorium on evictions - here is what you need to know](#)

As always, we sincerely value our relationships and partnerships with each of you, as well as your trust and confidence in us here at Towerpoint Wealth. We encourage you to reach out to us at any time (916-405-9140, info@towerpointwealth.com) with any questions, concerns, or needs you may have. The world continues to be an extremely unsettled and complicated place, and we are here to help you properly plan for and make sense of it

- Joseph, Jonathan, Steve,
Lori, Nathan, and Michelle



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Inflation



Introduction to U.S. Economy: Inflation

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Work From Home (WFH)



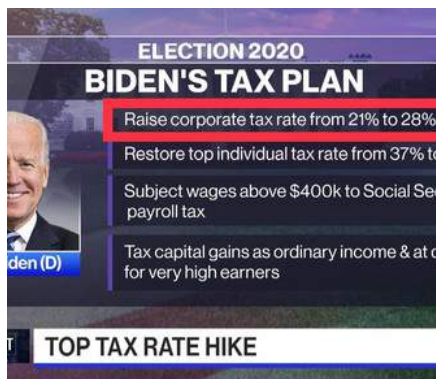
Why Managers Fear a Remote-Work Future

Some of the people loudly calling for a return to the office are not the same people who will actually be returning to the office regularly. Every business leader should ask themselves a ...

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President Biden's Tax and Budget Proposal



Biden Corporate Tax Hikes Would Hit Retirees, Small Busin...

According to new research by the Joint Committee on Taxation, President Joe Biden's proposed corporate tax hikes would disproportionately harm U.S. workers, retirees and small businesses...

[Read Story](#)



Lefties!



August 13 -- Happy International Left Handers Day!

International Left Handers Day is today, August 13, 2021! The annual celebration honors the lefties in history, pop culture and our everyday lives. The holiday was created to raise awareness...

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