Morrison Education Series

Happy Labor Day!

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22.7%

Percentage of workers who teleworked in February 2021 because of the COVID-19 pandemic. This is down from 35.4% in May 2020, the first month this data was collected.

Source: U.S. Bureau of Labor Statistics, 2021

How Long Do Workers Stay with Their Employers?

The median number of years that wage and salary workers had been with their current employer was 4.1 years in January 2020. However, employee tenure tends to vary based on many factors, including the type of occupation, and the impact of the COVID-19 pandemic on tenure remains to be seen.

Source: U.S. Bureau of Labor Statistics, 2020

Stock Market Risks in the Spotlight

During March 2021, the widening availability of COVID-19 vaccinations, signs of improving economic conditions, and a third, $1.9 trillion stimulus package brought about more optimistic growth projections. Even though a healthy economy could be good news for many businesses and the financial markets, rising inflation expectations caused a multi-week sell-off in U.S. government bonds that pushed up longer-term yields and sent the Nasdaq Composite Index into correction territory on March 8, 2021.[1]

Promising a patient approach, the Federal Reserve stated that it would not raise interest rates until the labor market fully recovers and inflation moderately exceeds the 2% target for some time.[2] But some investors worry that sharply higher inflation could force policymakers to boost rates sooner than originally expected.

Here's a closer look at some specific types of investment risk that could influence individual stock prices and/or cause broader market swings during the second half of 2021.

Inflation and Interest-Rate Fears

Inflation and interest rates are two different but closely related investment risks. The Federal Reserve is tasked with fostering full employment and controlling inflation. One way it balances these two goals is by lowering interest rates to stimulate business activity or raising rates to help slow inflation when the economy is heating up too fast.

High inflation erodes the value of investment returns, but when interest rates rise, bond values fall (and vice versa). These risks are obvious considerations for bond owners, but they also impact stocks. When goods, services, and credit cost more, consumers have less purchasing power, which can hurt company earnings and stock prices as well.

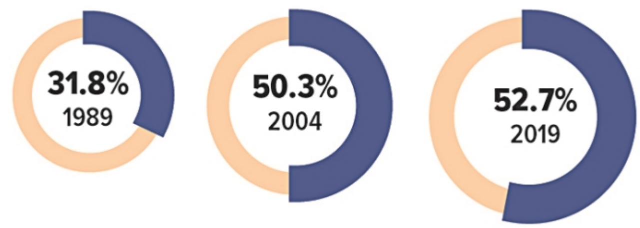
Rising bond yields might continue to have a negative effect on stock values, because as they move up, borrowing costs for most businesses also rise, cutting into profits. Higher yields could also entice risk-averse investors to sell their stocks and buy more stable bonds instead.

Legislative or Regulatory Impacts

Some government actions (such as antitrust lawsuits, higher taxes, and more stringent regulations or standards) make it more difficult and expensive for companies to do business, which can adversely affect their earnings and stock prices. On the other hand, government subsidies and tariffs on foreign products can provide competitive advantages.

The Justice Department, Federal Trade Commission, and numerous states are in the midst of antitrust lawsuits or major investigations into the business practices of several market-dominating tech companies.[3] In another example, the Securities and Exchange Commission is considering new standards for corporate disclosures related to environmental, social, and governance risks.[4]

Percentage of U.S. Households Who Own Stocks*



*Owned directly or indirectly through investment vehicles

Source: Investment Company Institute, 2021 (data from Federal Reserve Board Survey of Consumer Finances)

Event or Headline-Driven Volatility

Headline risk refers to the possibility that events reported in the media could hurt a company's reputation and/or earnings prospects. Troubling news can cause market backlash against a specific company or an entire industry. Companies try to manage this risk through public relations campaigns and other efforts to generate positive news that leaves a good impression on consumers. Events that threaten to disrupt business activity nationwide, regionally, or around the world can cause sudden stock market declines.

The market responds to news, good or bad, almost every day. For this reason, your portfolio should be designed to weather a range of market conditions and have a risk profile that reflects your ability to endure periods of market volatility, both financially and emotionally.

The principal value of bonds may fluctuate with changes in interest rates and market conditions. Bonds redeemed prior to maturity may be worth more or less than their original cost. The return and principal value of stocks fluctuate with changes in market conditions. Shares, when sold, may be worth more or less than their original cost. Investments seeking to achieve higher yields also involve a higher degree of risk.

1) *The Wall Street Journal,* March 8, 2021

2) Federal Reserve, March 17, 2021

3) Reuters, December 16, 2020

4) *The Wall Street Journal,* February 24, 2021

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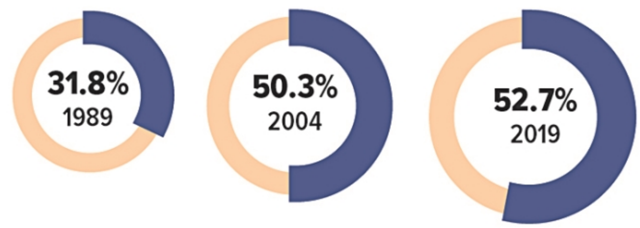

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Tips for Keeping Your Teen Driver Safe Behind the Wheel

For many teenagers, getting a driver's license is a rite of passage that brings them one step closer to adulthood. Unfortunately, distracted driving, drinking and driving, and not wearing a seat belt are just some of the known risks associated with teenage drivers.[1]

Most parents are painfully aware that automobile crashes are a leading cause of injury and death among teenagers.[2] Fortunately, there are proven strategies to help prevent these tragedies, and your role as a parent is essential. Here are some steps you can take to help keep your teen safe behind the wheel.

Check your state's graduated driver licensing program (GDL). GDL programs have been adopted in every state and are designed to allow young, novice drivers to practice their driving skills in low-risk situations. Restrictions such as late-night driving curfews and passenger limitations are gradually lifted, and greater responsibility is granted until teens ultimately earn full driving privileges.

GDL programs typically have three stages, beginning with a learner's permit, followed by a provisional license, and ultimately leading to a full, unrestricted license. Be sure to review the GDL laws in your state and require your teen driver to follow them, even though they may seem restrictive or inconvenient.

Set a good example for your teen. Talk regularly with your teen about the importance of maintaining good driving habits and be sure to replicate that behavior when driving. You should also emphasize specific risks, such as cell phone use, speeding, and the use of drugs and/or alcohol while driving.

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You may even want to make driving rules and consequences more clear by creating a parent-teen driving agreement. The Centers for Disease Control and Prevention has a sample agreement that you can download at cdc.gov.

Take advantage of safe driving incentives. Although insuring a newly licensed driver may come with sticker shock, rates typically go down as a young driver gains more experience and maintains a clean driving record. In addition, many insurance companies offer discounts through safe driving incentive programs.

Ask your insurance company if it offers a good student discount (typically for students with a B or higher grade-point average) or a discount if you utilize a mobile app to monitor your teen's driving habits.

1-2) Centers for Disease Control and Prevention, 2020