



Friday, November 12, 2021

Week in Review, November 12, 2021

## Week in Review 11-12-2021

SRI Wealth Management Group

**Special focus: Inflation, infrastructure, COP26**

Data released on Wednesday showed a 6.2% increase in the CPI from a year earlier, representing the sharpest increase in decades ([NYT](#)). Markets fell on the news and then rose on Thursday ([WSJ](#)) as investors considered strong earnings results, expected economic growth through 2022, and (at least for now) a belief that inflation will remain transitory ([RBC](#)). Congress passed a \$1 trillion infrastructure bill (the INVEST in America Act) last week which President Biden is expected to sign into law on Monday. With inflationary pressures under close watch, it is good to keep in mind that “Economists - including conservative ones - largely agree that [the infrastructure bill] is likely to eventually expand the capacity of the economy, and that it is small and spread out enough that it will not meaningfully fuel faster inflation in the near term.” The potential inflationary impact of the separate, broader “Build Back Better” spending bill still being negotiated is less clear at this time ([NYT](#)). Markets ended the week with the DJIA down 0.6%, the S&P 500 down 0.3%, and the NASDAQ down 0.7%.

Sadly, some of the Republican legislators who voted for the INVEST in America Act have faced aggressive criticism and threats from their colleagues within the party, as well as from voters inside and outside of their districts. Considering the bill’s broadly uncontentious spending provisions ([Forbes](#)), the backlash highlights the extent of the political divide, the continued hold right-wing candidates have on the party, and finally the extent of mis-information on which voters are basing their decisions ([NYT](#)). Shame on those for threatening the lives of elected officials. They should be held accountable before someone gets hurt, and we should try to bring back more civil discourse to our political process!

The COP26 conference has continued for its second and final week. It is scheduled to wrap up today but negotiations were continuing after the evening deadline in Glasgow. Here is where things stood as we wrote our

weekly update: [NYT](#). Negotiations have been tense with many feeling that key goals are not yet being addressed ([CNN](#)). China and the United States announced a plan to work together to lower emissions, but fell short of providing details for how they would do so ([NYT](#)). More impressively, Denmark and Costa Rica launched an alliance committed to phasing out the use of fossil fuels. Activists hailed the alliance, calling more countries to join ([Euronews](#)).

While the COP26 summit highlights the slow speed with which governments are advancing the energy transition we at least have continued evidence of the impact that financial markets can have: Over the last 10 years, the cost of capital for offshore oil companies has doubled from ~8-10% to 20%, while the cost of capital for renewable energy has decreased from 8-10% to less than 5%. An analyst at Bloomberg Intelligence has attributed this divergence to ESG investing. Check out a great graph on this at the following link: [Bloomberg](#).

Congratulations to As You Sow which was ranked #1 on Kiplinger's list of ESG Tools for Sustainable Investors ([Kiplinger](#))!

With the Veteran's Day holiday yesterday, we would like to thank the veterans and veteran families out there for your service and dedication!

Have a great weekend! As always, please feel free to reach out with any questions or commentary.

## **Weekend Reads**

RBC [Global Insight Weekly November 11, 2021](#)

RBC [Global Insight Monthly November](#)

KRON4 [Buster Posey thanks fans](#)

Assettv [Brainard interviewed for fed chair](#)

SF Chronicle [Lines Ballet's 'Coming Back Home' lights up the stage](#)

NYT [The Climate Summit Has Me Very Energized, and Very Afraid](#)

NYT [Greta Thunberg COP26](#)

Yahoo [Surging COVID cases in states with high vaccination rates](#)

WSJ [Social media giant allows stolen content to flourish, its researchers warned](#)

*Written by Thomas Van Dyck, Catherine Chen, and Michelle Schiro*

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