



Friday, December 10, 2021

Week in Review, December 10, 2021

Special Focus: Decarbonization

U.S. economic demand remains strong despite supply chain constraints. Pre-pandemic economic recovery is expected to continue in 2022, but we do expect continued volatility as investors weigh lingering global supply chain backlogs, higher inflation, Federal Reserve tightening, and the Omicron variant ([Benzinga](#)). The number of job openings across the country rose to 11 million in October from 10.6 million in September, short of a record 11.1 million in July. ([MarketWatch](#)). Initial jobless claims were 184,000, a decrease of 43,000 from the previous week's level and the lowest level for initial unemployment claims in more than 52 years ([Reuters](#)). The U.S. Consumer Price Index climbed 6.8% in November, the largest 12-month increase since 1982 ([BLS](#)). For the week, markets ended with the S&P 500 up 3.8%, the DJIA up 4.0%, and the NASDAQ up 3.6%.

Researchers at the University of Augsburg in Germany recently released a groundbreaking study of 4,500 equity funds with a total of \$5.7 trillion in assets. The report showed the correlation between divestment and reductions in company carbon emissions. The empirical data reveals the divested high-carbon stocks returned on average -6.5% in the two years following their sale, performing worse than retained stocks and those likely to have been divested from non-environmental reasons. Their data showed corporate emissions decreasing by an average of 2.4% over the four years following divestment, whereas emissions from non-divested companies increased over the period. The evidence collected appeared "cautious but consistent empirical evidence" of a causal link. According to the researchers, the stock price drop caused by divestment incentivized companies to decarbonize ([Responsible Investor](#)).

About 42 million metric tons of plastic waste were produced in the U.S. in 2016, almost twice as much as China, and more than the entire E.U. combined ([ADN](#)). Oil companies are ploughing money into fossil-fueled plastics production at a record rate. As traditional demands for oil are declining as the transport sector is increasingly electrified, the oil industry is seeing plastics as a key output that can make up for losses in other markets and Big Oil is encouraging plastic use. ([The Conversation](#))

Amid rising pressure on the insurance industry to decarbonize its portfolios, a Hong Kong-based insurance giant is the latest company to announce its divestment from fossil fuels. The company has sold about \$10 billion of coal-related investment holdings, fully eliminating its portfolio exposure to coal mining and coal-fired power in its directly-managed equity and fixed-income investments ([MarketWatch](#)).

The prices we pay for fossil fuels today are nowhere near their actual costs to society, the economy, and the environment ([WSJ](#)). End fossil fuel subsidies now.

The controversial Republican-led measure dubbed SB1, short for Senate Bill 1, changing the Texas voting laws went into effect last week. There are currently at least six lawsuits filed against SB1, including one from the U.S. Department of Justice, which challenges its constitutionality ([NY Times](#), [KUT](#)).

Given the labor shortage and higher inflation, base pay may increase by an average of 3.9% in 2022, which will be the largest one-year hike since 2008, according to [The Conference Board](#)'s latest wage survey of 240 companies. This nearly 4% pay bump does not include any bonuses or other one-time payouts a company may offer. Average hourly wages rose by 4.8% in the 12 months ended in November, one of the highest rates of increase ever.

Please reach out to us with any market questions or commentary. Have a good weekend!

Recommended Event

Confluence Philanthropy [Coffee Klatch: Investing in Forest Solutions for a Healthy Climate Virtual](#) | Dec. 14th

Weekend Listen

RBC Disruptors [The Climate Conversations: U.N. Special Envoy Mark Carney](#)

Weekend Reads

RBC [Global Insight 2022 Outlook](#)

RBC [Global Insight Weekly December 9, 2021](#)

Axios [California's abortion providers intro plan to expand care, funds if Roe goes](#)

Business Insider [Retail store salaries revealed: from up to \\$200K for an engineering role to \\$74 hourly rates for pharmacists](#)

Knewz [Robust U.S. Economic Growth Set To Cap A Troubled Year: Report](#)

MSCI [2022 ESG Trends to Watch](#)

The Verge [Jeff Bezos' Earth Fund commits another \\$443 million to climate justice and conservation](#)

WSJ [New York City Lawmakers Pass Bill Letting Some Noncitizens Vote](#)

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