



**Wealth
Management**

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Week in Review, January 21, 2022

SRI Wealth Management Group

Special Focus: Changing the Climate from the Inside Out

Markets have remained challenged this week due to continued concerns about inflation and interest rate hikes along with disappointing retail spending and manufacturing data, a muted start to earnings season and a weekly increase in jobless claims. Banks' earnings reports showed revenue growth but smaller profits. After record-level sales earlier in the fall, retail sales (including online sales and restaurant sales) dropped by 1.9% in December amid an increase in COVID-19 cases during the month. Still, December sales represented 16.9% growth from a year ago and most are expecting sales to rebound as Omicron cases begin to subside ([WSJ](#)). Driven by both the rise in Omicron cases as well as typical post-holiday seasonality, U.S Jobless claims rose to 286,000 during the week ended January 15th but economists are confident the labor market will not alter fundamentally as there is large demand for workers ([WSJ](#)).

Markets ended the week having extended losses with the DJIA down 4.58%, the S&P 500 down 5.68%, and the NASDAQ down 7.55%.

As with each New Year, individuals and companies alike set out goals and intentions to accomplish for the year. Larry Fink, CEO of the world's largest money manager is no exception. In his [annual letter](#) to CEOs he urged his counterparts to adjust their actions, leadership and influence to further shape innovative work environments that will in turn boost business, the economy, our society and our environment, saying "these themes are now center stage for CEOs, who must be thoughtful about how they use their voice and connect on social issues important to their employees. Those who show humility and stay grounded in their purpose are more likely to build the kind of bond that endures the span of someone's career." He also spelled out his stance in thinking beyond profits and focusing on purpose or else running the risk of being overtaken. He suggested that managing a business with Environmental Social and Governance factors in mind was not a fad, but a permanent feature of the corporate world. Business leaders who do not adapt to the new reality, he suggested, risk being overtaken by younger and more innovative rivals in step with the times. He went on to connect sustainability with capitalism stating, "We focus on sustainability not because we're environmentalists, but because we are capitalists and fiduciaries to our clients." Ending his three page letter with food for thought, he turned the responsibility again to his fellow CEOs, saying "Capital markets have allowed companies and countries to flourish. But access to capital is not a right. It is a privilege. And the duty to attract that capital in a responsible and sustainable way lies with you." ([BlackRock](#))

And there are companies already on board with Larry Fink's ideas. The Wall Street Journal this week highlighted how large US companies have hired Black and female CFO's in the last year. Those numbers nearly doubled since last year to 2.9% in 2021 up from 1.8% in 2020 of Black Chief Financial Officers, and female CFO's increased to 15.1% among businesses up from 12.6%. Finally some improvement in minority representation in the C-suite! ([WSJ](#)) These changes albeit small are becoming inherently important to employees and thus to employers as company's climate change policy too is becoming more influential in employees decision to take on or continue a job. [More than](#) 75% of global executives claim that climate

change policies contribute to their ability to retain and hire talent. This may be a wakeup call for employers to improve their climate changes policies, which can improve employee morale, and improve their ability to hire. ([CNN](#))

California's former governor wrote an important OpEd this week, highlighting the threat posed by a proposal from the state's largest utility. In 2006, then Governor Arnold Schwarzenegger, began an initiative to put solar panels on 1 million roofs in California. That vitally important goal was met in 2019 and then surpassed, but this progression is now being threatened by a plan under consideration by the California Public Utilities Commission that would make it too costly for many Californians to embrace solar power. In this new plan is a monthly "grid participation charge" (aka a solar tax!) that would charge solar customers and those who are using batteries to store solar energy an additional \$57 monthly, which would not be paid by homes powered by fossil fuels. Already so far behind on meeting the climate goals for 2030, this setback will surely not help. Mr. Schwarzenegger agrees and states, "We can't afford that kind of backsliding. Gov. Gavin Newsom can sustain the state's record of environmental success and keep California forging ahead on a path to 100 percent clean energy. Although the utilities commission is independent of the governor, he appointed four of its five commissioners. What he says, matters....He and his commission must stand up to the monopolistic utilities and protect California's solar power programs, for the state's future and the planet's" ([NYT](#)). A decision by the California Public Utilities Commission could come as soon as January 27th. Here is a way to contact the governor's office with your thoughts: [Office of Gov. Newsom](#).

A former government employee during the Carter administration wrote an insightful OpEd this week expressing the urgency of climate action. He explained how 4 decades later the inactions of the federal government have led us to a climate crisis. He concludes that, "this year, 2022, must be the year in which we finally see the federal government, in all its branches, fulfilling its historical responsibility to provide for the general welfare and secure the blessings of liberty for ourselves and our posterity by protecting the climate that has allowed civilization to flourish."([THE HILL](#))

As always please stay safe and healthy everyone. Have great weekend!

Weekend Reads

RBC [Monthly Insight January 2022](#)

RBC [Global Insight Weekly January 20, 2022](#)

NY Times [Is Norway the Future of Cars?](#)

NY Times [In Rebuke to Trump, Supreme Court Won't Block Release of Jan. 6 Files](#)

NY Times [U.S. Existing-Home Sales Reached a 15-Year High of 6.1 Million Last Year](#)

The Guardian [First Thing: Mitch McConnell's comments on Black voters spark outrage](#)

WVNews [Why Coal Miners are Pushing Manchin to Pass a Climate Bill](#)

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