



Friday, May 21, 2021

Week in Review, May 21, 2021

Special Focuses: Renewable Energy and Net Zero Emissions Plan

Earlier this week, inflation and worker shortages continued to push the market lower. U.S. stocks dropped after the Federal Reserve discussed tapering down purchases of government bonds, which help keep interest rates lower. Later in the week, tech stocks led the rebound after jobless claims dropped. In Asia, oil dropped more than 3% on Wednesday due to COVID-19 cases rising and inflation fears ([CNBC](#)). The 10 and 30 year yield U.S. Treasuries posted their biggest pullback in 6 weeks as investors are worried about inflation as the economy recovers ([MarketWatch](#)). Markets ended mixed this week: the S&P 500 was down -0.4%, the DJIA down -0.5%, and the NASDAQ up +0.3%.

A landmark report from the International Energy Agency claims that countries must act quicker to cut pollution levels. They outlined a roadmap for how the globe could cut carbon dioxide emissions to net zero by 2050. This includes not approving new oil & gas fields and coal plants, stopping the sale of gasoline passenger vehicles by 2035, and zeroing out emissions from power plants by 2035. This could probably stop global temperature levels from increasing 1.5 Celsius over preindustrial levels, the threshold at which there would be irreparable damage. However, carbon dioxide emissions were forecasted to rise at the second quickest pace ever in 2021 as countries recover from the coronavirus ([NY Times](#)). According to analysis from Carbon Tracker, the IEA net zero plan would increase GDP, create more jobs, save 3 million lives due to pollution related deaths, and give people better access to electricity. The governments will need to bring about this change by building infrastructure and instituting regulations. Likewise, investors and banks must think about transitioning to greener energy ([IEA Report](#)).

Globally, renewable energy has been booming, with significant capacity additions from biofuels, solar and wind. Even though the pandemic caused supply challenges and construction delays, renewable energy levels grew at their highest rate in two decades in 2020: 278 gigawatts of capacity were added last year, jumping 45% over 2019. Renewable capacity additions are projected to stay at 270 gigawatts in 2021, while 280 gigawatts of additions are forecasted in 2022. ([Statista](#)) Recent projections estimate more than half of the U.S.' electricity capacity additions will come from renewable sources, decreasing U.S. reliance on fossil fuels. ([Statista](#))

The result of recent public health research has shown that long working hours are killing hundreds of thousands of people globally. 398,000 people died from stroke and 347,000 from heart disease in 2016 resulting from working over 55 hours per week. The study suggests implementing laws that reduce overtime work and enforcing maximum limits on working time under 55 hours per week. Men accounted for 72% of the deaths due to long working hours. Similarly, deaths from heart disease attributed to long working hours increased by 42% from 2000 to 2016 ([CNBC](#), [Forbes](#)). The pandemic has led to an increase in the average working hours for the U.K., Austria, Canada, and the U.S. Governments and employers must work to protect the health of workers.

The U.S. has pledged to share 20 million doses of vaccines from Moderna, Pfizer, and J&J with other nations. This is in addition to 60 million doses of AstraZeneca vaccines whose export is contingent on an FDA product review. President Joe Biden estimated that these 80 million doses will be donated by the end of June. While the effort is much needed, we unfortunately are lagging other vaccine-producing nations in our efforts to support the global community: the U.S. has so far only shipped 3 million doses globally, roughly 1% of its vaccine production, while China has exported 252 million doses (42% of its production) and the EU has exported 111 million doses (more than one third of its production) ([WSJ](#)). This global

coordination cannot happen quickly enough: India's Covid-19 cases have remained high, with 259,551 cases on May 20. Meanwhile, U.S. Covid-19 cases added 29,297 cases on May 20, with the lowest rolling one-week average at since last June ([Bloomberg, Bloomberg](#)). After the CDC said vaccinated people did not need to wear masks, major retailers lifted their mask mandate. Following these guidelines, restrictions have been completely lifted in Texas, South Dakota, Oklahoma and Missouri and eased in most of the country ([USA Today](#)). We are making great progress, and while there is still work to do at home, there is also a massive international need.

After 12 days of casualties and bombing in Israel and Palestine, Prime Minister Benjamin Netanyahu announced Thursday that Israel and Hamas agreed to a ceasefire.

Please note that our offices will be closed on Monday, May 31st in observance of Memorial Day. In addition, our offices will close early at 2 pm on Friday, May 28th. We hope you have a good weekend and as always please contact us with any questions!

Weekend Reads:

RBC [Global Insight Weekly May 20, 2021](#)

RBC [Global Insight Monthly May 2021](#)

CNBC [Why Asian Americans on Wall Street from Goldman Sachs to Wells Fargo are breaking their silence](#)

Bloomberg [Teenagers Are Winning climate Fights One Court Case at a Time](#)

Bloomberg [JPMorgan Tops Banks Supporting Fossil Fuel—and Signals Green Shift](#)

Business Insider [Feel like fixing the climate crisis is your personal responsibility? ExxonMobil has been telling you that for 20 years, a study found.](#)

Vice [The Gig Economy's Business Model Is a Roadblock to Fighting Climate Change](#)

EcoWatch [IEA's First 1.5°C Climate Model Rejects New Fossil Fuel Extraction](#)

Bloomberg [BOE's Breen Says Banks Unprepared for \\$150 Carbon Price](#)

Financial Times [Investors support Shell's strategy for net-zero emission despite backlash](#)

Financial Times [Energy groups must stop new oil and gas projects to reach net zero by 2050, IEA says](#)

NY Times [A Glimpse of a Future with True Shareholder Democracy](#)

Weekend Watch:

RBC [Economic & Investment Series: How is Biden's agenda impacting the economy](#)

Recommended Events:

PRI Digital Conference [2021](#) | October 18-21

Join Tipping Point + 49ers Foundation 49ers [2021 Race to Tackle Poverty](#) | June 11-25

Written by Thomas Van Dyck, Catherine Chen, and Nolan Michaels

To unsubscribe, please click [here](#). Please feel free to share your reasons for unsubscribing in the body of the email. We appreciate your feedback.

The views presented herein are solely those of the **SRI Wealth Management Group**, and do not necessarily represent the views of RBC Wealth Management. Current status of issues discussed in this letter is subject to change based upon market conditions and industry fundamentals. Clients should work with their Financial Advisor to develop investment strategies tailored to their own financial circumstances. Past performance is no guarantee of future results. The material contained herein is for informational purposes only and does not constitute tax advice. Investors should consult with their own tax advisor or attorney with regard to their personal tax situation. A portion of income may be subject to State and local taxes. Share prices and yields will fluctuate.

RBC Wealth Management, a division of RBC Capital Markets, LLC Member NYSE/FINRA/SIPC.