

The economy is on a tear, asset prices have ripped higher at an astonishing rate, inflation is still subdued, and the Federal Reserve is showing no signs that they want to get off of zero for another two years. We have seen a lot in twenty-five years in the business, but a land with this much full fat milk, and sweet tasting honey, is a new thing.



## Markets

As mentioned before, markets continued their sprint higher in April and are now sporting some serious gains for the year. Whether or not the 'sell in May and go away' mantra is going to work again remains to be seen. But for now, the bulls have it.

S&P 500	Nasdaq	Russell 1	10-Year Treasury
↑5.24	↑5.41	↑5.2	↑1.63
Month (%)	Month (%)	Month (%)	Month (%)

↑11.3

Year-to-Date

↑8.34

Year-to-Date

↑11.

Year-to-Date

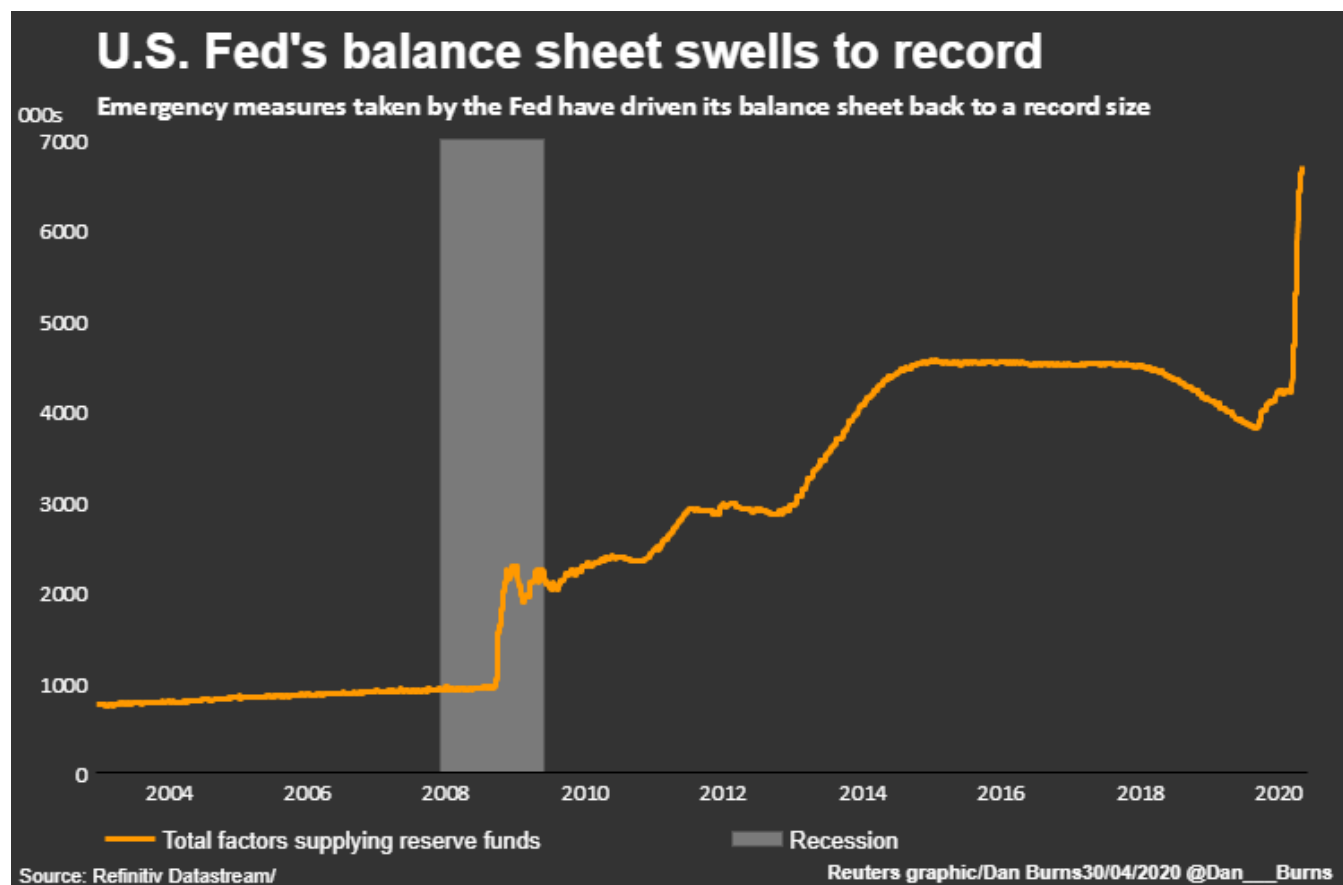
↑0.71

Year-to-Date (%)

## The Economy

This week we get a fresh look at the one thing that could blow a tire on this fast-moving market: inflation. On Wednesday, we get consumer prices, and then on Thursday, produce prices makes an appearance. It's tough to watch any coverage of the markets now without getting a healthy dose of fear around prices rising fast given how much liquidity has been pumped into the economic system.

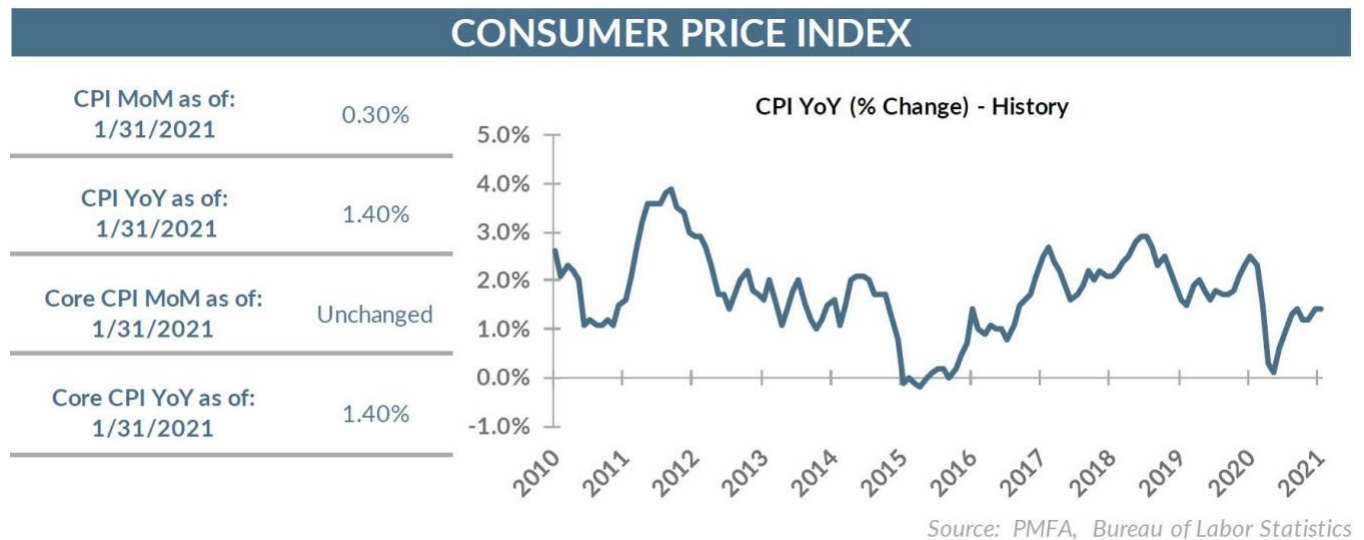
## Tsunami Time



The challenge for the skeptical bulls, present company included, is that CPI hasn't done much of anything in the past decade, and given that, the Federal Reserve is safe from having

to turn down the liquidity pressure. Keep in mind, 2% is their Maginot line, and inflation can barely cross it. Morgan Stanley thinks next year is when it can cross it.

## Why Bother?

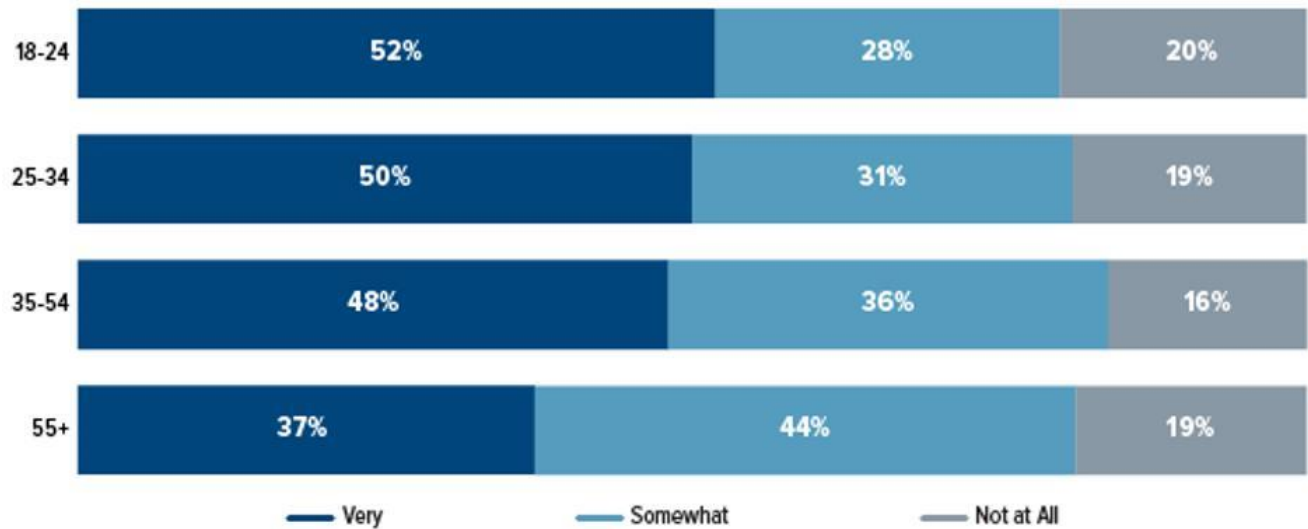


Full disclosure, we run alternative equity strategies. When the market is ripping the way it has been, the last thing you want is something designed with hedges that make it hard to keep up. Pension and Investments called us dead a year ago. But contrast what you are seeing in terms of the stats the Fed uses to guide its hand on the QE rudder, and what the public thinks in terms of concerns over rising prices.

## Public Persona

## Majority of Americans Are Concerned About Inflation Right Now

Percent of Respondents by Age to Question: How Concerned Are You Right Now About Inflation in the U.S.?



Survey of 2,535 adults conducted between March 23-24, 2021 Source: CivicScience, Axios, U.S. Global Investors

Here is our contention, and it's not a small one, the standard use of measuring prices and inflation is almost laughable. Who gives a shit about how much a stick of butter costs, or God forbid a tank of gas, when housing un-affordability just went through the roof? Not everyone needs a stick of butter, but everyone needs a roof over their heads. And almost everyone needs a real estate agent in place to make it happen. And in this white-hot market, that makes for a lot of stars. Mostly on the seller's side of the ledger, with California being next to a joke in terms of available inventory.

"To the Moon, Alice"



# REAL ESTATE WEEKLY

## 2020 RISING STARS



### New Frontiers

CNBC did the world a favor on Monday, when they ran a deep-dive piece on the emerging world of psychedelics that can be used to treat conditions like depression and PTSD. We have been keeping an eye on this for a while now for a couple of reasons. First, from personal experience I can validate the effectiveness of the treatment to moderate the effects of bi-polarism using psilocybin. When ingested in moderation, it slows or blocks out intrusive thoughts and rumination that can compound depression and anxiety.

## Shockingly Good



The second reason , also discovered through a very painful firsthand experience, is that far too many depression and anxiety drugs produced commercially have side effects that are way worse for you than the emotions they are looking to treat. Bottom line, if marijuana can be made legal, psilocybin should be made doubly so.

## Truly Magical

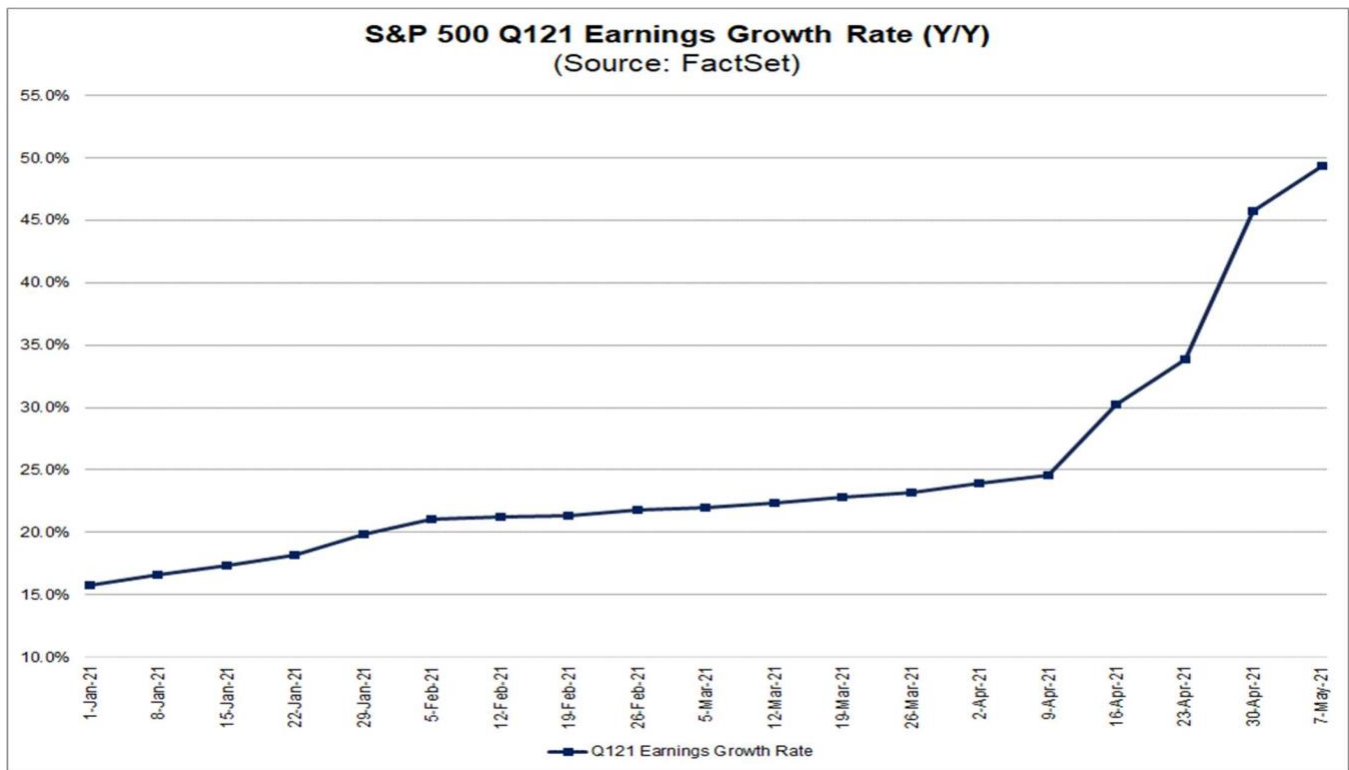




## Earnings

Our friends at FactSet have once again provided a quality deep dive on the earnings just reported, and the outlook ahead. As far as living in the here and now, growth is jumping off the page. Almost literally. While you should keep in mind this is coming off a cratering in earnings in Q1 of last year, but a 50% increase year over year, is still a 50% increase.

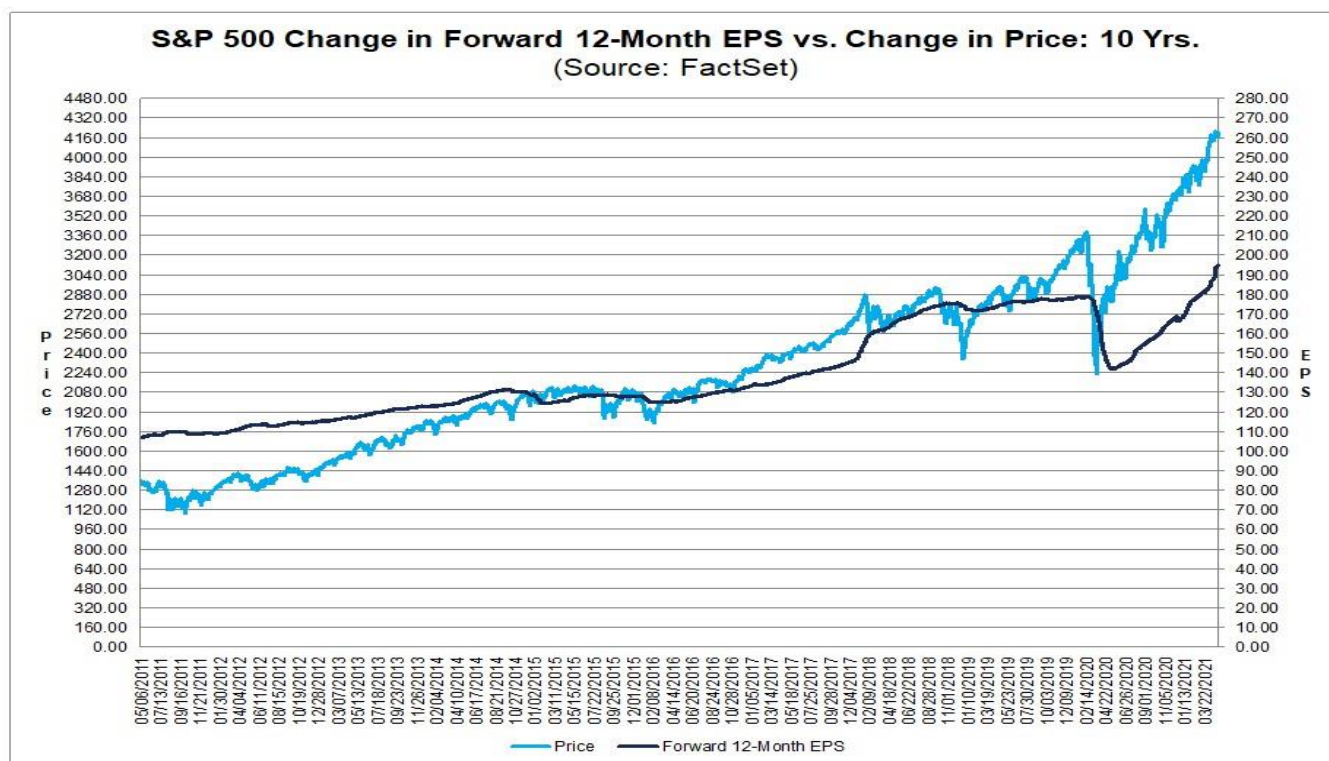
## Hockey Stick



The other chart they produce is one of our simple favorites, and it maps earnings to valuation. Two things it shows. First, this was indeed a bloodless recession, and earnings have quickly grown back to new highs. And second, valuation is almost off the charts if interest rates normalize higher, which still remains to be seen. Up next week, reader and all-around smart guy, Michael Everest's response is that this is a chart that can be easily manipulated. You have the floor, Mike.

Boom Time!





## The OG Takes a Bow

In sad news that I'm still looking to understand, the man who pushed me to write this, and other weekly commentaries has 'left the building' as they say. Last week I lost my biggest writing fan, Robert John Goligoski. As a journalist himself, he always appreciated the lengths I went to make this space worthy of reading. The thing I will miss the most is the commentary he would provide on every commentary I wrote. All the condolences I have read have meant the world to me. Your feedback and commentary on my work will help fill a giant void. Well done dad, well done. Say hello to Hunter for me.

1940- 2021



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