Amadeus Wealth Alternatives 1345 Ave. of the Americas 2nd Fl., New York, NY 10105 www.amadeuswealth.com

212-697-3930

Edward Papier, CIMA®, CFF

ep@amadeuswealth.com

In this week's recap: Delta variant continues to concern the markets; labor market shows positive signs.

Weekly Economic Update

Presented by Ed Papier, September 13, 2021

THE WEEK ON WALL STREET

In a quiet week of news, stocks moved lower amid simmering concerns over the Delta variant's effect on the progress of economic reopening.

The Dow Jones Industrial Average declined 2.15%, while the Standard & Poor's 500 dropped 1.69%. The Nasdaq Composite index fell 1.61% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, slipped 0.63%.[1,2,3]

STOCKS WEAKEN

In a holiday-shortened week of trading, markets were choppy as investors grew cautious in the face of a potential Fed tapering decision later this month and the impact of Delta on the economic recovery. What little news there was, it was decidedly mixed. Job growth showed real strength coming off a shaky employment report the previous Friday, while the Producer Price Index surged by 8.3% year-over-year, representing the largest annual increase since November 2010. The release reminded investors that inflation remained a market risk. Stocks tried to stage a rebound on Friday before sagging to close out the week.

JOBS IMPROVEMENT

After a disappointing employment report, two labor market reports last week appeared to show that the labor market recovery appeared intact. The JOLTS report (Job Openings and Labor Turnover Survey) showed 10.9 million open jobs, a number that exceeded the number of unemployed by more than two million. The rate of hiring, however, decelerated, perhaps explaining why the August employment report fell short of expectations. [4]

A day later the weekly initial jobless claims fell to a new pandemic low of 310,000, coming in below its four-week moving average of 339,500. Continuing claims fell to their lowest level since March 14, 2020. [5]

THE WEEK AHEAD: KEY ECONOMIC DATA

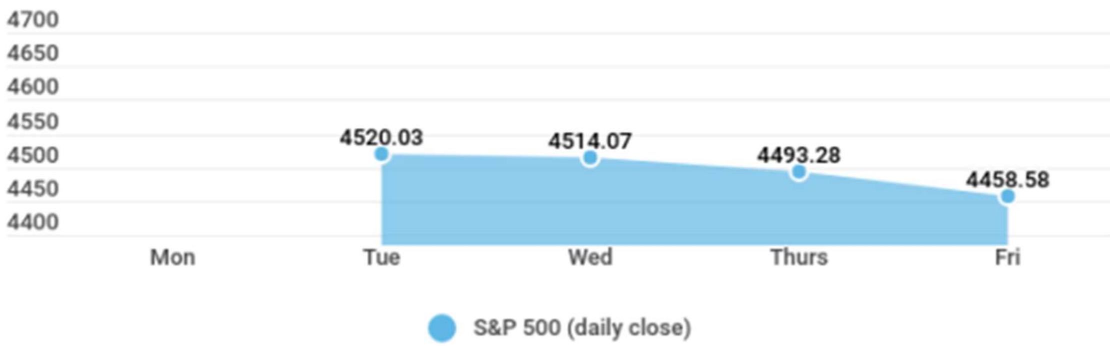
Tuesday: Consumer Price Index.
Wednesday: Industrial Production.
Thursday: Jobless Claims. Retail Sales.
Friday: Consumer Sentiment.

QUOTE OF THE WEEK

"Doublethink means the power of holding two contradictory beliefs in one's mind simultaneously, and accepting both of them."

GEORGE ORWELL, 1984

Market Index	Close	Week	Y-T-D
DJIA	34,607.72	-2.15%	+13.07%
NASDAQ	15,115.49	-1.61%	+17.28%
MSCI-EAFE	2,374.46	-0.63%	+10.57%
S&P 500	4,458.58	-1.69%	+18.70%



	Treasury	Close	Week	Y-T-D
	10-Year Note	1.33%	+0.00%	+0.40%

Sources: The Wall Street Journal, September 10, 2021; Treasury.gov, September 10, 2021
Weekly performance for the Dow Jones Industrial Average, Standard & Poor's 500 Index, and NASDAQ Composite Index is measured from the close of trading on Friday, September 3, to Friday, September 10, close. Weekly performance for the MSCI-EAFE is measured from Friday, September 3, open to Thursday, September 9, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

OF NOTE

Non-fungible tokens (NFTs) seem to have exploded out of the ether this year. From art and music to tacos and toilet paper, these digital assets are selling like 17th-century exotic Dutch tulips, some for millions of dollars.

An NFT is a digital asset that represents real-world objects like art, music, in-game items and videos. They are bought and sold online, frequently with cryto-currency, and they are generally encoded with the same underlying software as many cryptos. Essentially, NFTs are like physical collector's items, only digital. So instead of getting an actual oil painting to hang on the wall, the buyer gets a digital file instead.

Although they've been around since 2014, NFTs are gaining notoriety now because they are becoming an increasingly popular way to buy and sell digital artwork. A staggering $174 million has been spent on NFTs since November 2017.

NFTs are also generally one of a kind, or at least one of a very limited run, and have unique identifying codes. Essentially, NFTs create digital scarcity. Their uniqueness stands in stark contrast to most digital creations, which are almost always infinite in supply. NFTs are generally built using the same kind of programming as cryptocurrency, like Bitcoin or Ethereum, but that's where the similarity ends. Physical money and cryptocurrencies are "fungible," meaning they can be traded or exchanged for one another. They're also equal in value—one dollar is always worth another dollar; one Bitcoin is always equal to another Bitcoin. Crypto's fungibility makes it a trusted means of conducting transactions on the blockchain. NFTs are different. Each has a digital signature that makes it impossible for NFTs to be exchanged for or equal to one another (hence, "non-fungible").

But many NFTs, at least in these early days, have been digital creations that already exist in some form elsewhere, like iconic video clips from NBA games or securitized versions of digital art that's already floating around on Instagram.

One NFT digitalized 5,000 drawings to create perhaps the most famous NFT today, "EVERYDAYS: The First 5000 Days," which sold at Christie's for a record breaking $69.3 million. Anyone can view the individual images—or even the entire collage of images online for free. So why are people willing to spend millions on something they could easily screenshot or download? Because an NFT allows the buyer to own the original digitalization. Not only that, the NFT contains built-in authentication, which serves as proof of ownership. Collectors value those "digital bragging rights" almost more than the item itself.

NFTs exist on a blockchain, which is a distributed public ledger that records transactions. You're probably most familiar with blockchain as the underlying process that makes cryptocurrencies possible. Specifically, NFTs are typically held on the Ethereum blockchain, although other blockchains support them as well.

An NFT is created, or "minted" from digital objects that represent both tangible and intangible items, including:

- Art
- GIFs (Graphics Interchange Format – an animated image)
- Videos and sports highlights
- Collectibles
- Virtual avatars and video game skins
- Designer sneakers
- Music

Even tweets count. Twitter co-founder Jack Dorsey sold his first ever tweet as an NFT for more than $2.9 million. Blockchain technology and NFTs afford artists and content creators a unique opportunity to monetize their wares. For example, artists no longer have to rely on galleries or auction houses to sell their art. Instead, the artist can sell it directly to the consumer as an NFT, which also lets them keep more of the profits. In addition, artists can program in royalties, so they'll receive a percentage of sales whenever their art is sold to a new owner. This is an attractive feature as artists generally do not receive future proceeds after their art is first sold.

Just because you can buy NFTs, does that mean you should? It depends. NFTs are risky because their future is uncertain, and there isn't a lot of history to judge their performance. In other words, investing in NFTs is a largely personal decision. If you have money to spare, it may be worth considering, especially if a piece holds meaning for you.

But keep in mind, an NFT's value is based entirely on what someone else is willing to pay for it. Skeptics are reminded of the "greater fool" theory. An NFT may resale for less than you paid for it. Or you may not be able to resell it at all if no one wants it. Are NFTs worth the money, or the hype? Some experts say they're a bubble poised to pop, like the dotcom craze, beanie babies or pet rocks. Others believe NFTs are here to stay, and that they will change investing forever. [6]

Ed Papier may be reached at 2126973930 or ep@amadeuswealth.com
www.amadeuswealth.com

Know someone who could use information like this?
Please feel free to send us their contact information via phone or email. (Don't worry – we'll request their permission before adding them to our mailing list.)

CITATIONS:

1. The Wall Street Journal, September 10, 2021
2. The Wall Street Journal, September 10, 2021
3. The Wall Street Journal, September 10, 2021
4. CNBC, September 8, 2021
5. CNBC, September 9, 2021
6. forbes.com/advisor/investing/nft-non-fungible-token/