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Last Week's S&P 500 Index: -0.4%

## Observations from the road, etc.

### Key takeaways

- We have increased our economic growth numbers for the U.S. and the globe as a whole. This implies more consumer spending than previously expected.
- A current road trip provides reinforcement to our thesis that pent-up consumer demand will continue to drive the economy as the pandemic eases.

Our strategy group has recently made changes to targets and guidance for a number of asset groups and sectors within those asset groups. The bottom line is that we now project more robust economic growth this year than we previously expected. We look for the economy to grow 7% this year. Along with that comes higher interest-rate and inflation expectations as demand increases and global supply chains continue to try to adjust and catch up. In addition, consumer spending will likely improve more than we estimated earlier in the year as the unemployment rate falls further and more people have more money in their pockets ready to spend. And as American-consumer history would suggest, increasing spending is exactly what is likely to occur. As we like to frequently remind our readers, U.S. consumers are responsible for approximately 70% of all economic activity here at home.

Which brings us to the next point of discussion: consumer activity as the pandemic and related fears wane. The lockdowns are easing along with masking requirements in virtually every state. We have argued for the last nine months or more in this weekly piece that pent-up consumer demand combined with the desire to get out of our homes and move life back toward something more “normal” would be a powerful force once unleashed. Many of us are seeing this play out not only in the economic data but also as we drive around our hometowns and see increased (maybe even back to prepandemic) traffic levels on the roads and much-improved foot traffic at our favorite big box retail stores, etc.

This strategist's roadtrip experience over the last five days helps reinforce the thesis that consumers want to get out of the house and enjoy life (and spend money). Travelling by car from Las Vegas north and visiting a number of national parks in southern Utah (Zion, Bryce Canyon, Arches, etc.) offers the opportunity to do a little grassroots research by making some observances.

First, Las Vegas. In short, the Strip was packed with tourists. Lots of foot and vehicle traffic. Hotels are now allowed 100% capacity. Conversations with workers in various establishments revealed that the last three weeks have brought a huge increase in customers. Not many masks being worn overall. Everyone seemed to be in a good mood.

Second, the national parks. More than a one hour wait to get into Zion's west entrance. RV and campground areas very busy with the closet locations to all the parks sold out or close to it. Full parking lots, especially in Zion and Bryce Canyon, but also plenty of traffic in the others.

The next few days will be spent in the resort town of Aspen, Colorado, before heading home from Denver. As always, roadtrips are a good time but also provide the opportunity to observe what consumers are doing. That's important. After all, we drive the economy.

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