

## The Rocket Economy

Volume 36, Issue 5 | May 6, 2021

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*The market liftoff continued in April as equity indices climbed to record heights. As the U.S. economy comes roaring back, driven by robust consumer spending and rising confidence, investors continue to assess the impact of a temporary supply-chain squeeze and a demand boom. A primary impediment to market momentum could be an overheating of the economy as a result of aggressive fiscal and monetary stimulus, which is fanning inflation and creating unsustainable growth expectations. With a super-cycle surge in commodity prices, inflationary forces may be unleashed. After 40 years of supply-side economics, investors have apparently accepted the prospect of big government with a significant shift to tax-and-spend Keynesian economic policies. So long as the Federal Reserve and Congress keep pumping trillions of dollars into the financial system, the Rocket Economy may continue, but a rocket's upward trajectory relies on a huge amount of fuel and only lasts a limited amount of time.*



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