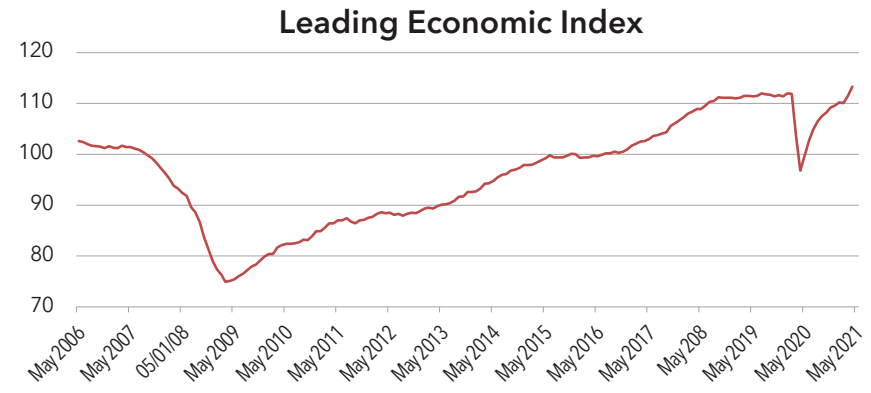


### Future Still Bright

After a strong economic rebound in the last year, many clients ask "How long can this last?" And the answer is "quite a while". The economy is in a virtuous cycle where better economic data creates more optimism, which drives consumers to spend more, which creates better economic data, which creates more optimism....and so on. Current economic data point to continued growth. As seen in the chart, the Leading Economic Indicator index reached an all-time high and shows the economy will likely continue to grow in the near term. Current consensus expectations are for GDP to grow over 9% in the 2nd quarter.

Government support is likely to continue, with the Biden administration proposing a \$6 trillion budget for fiscal 2022. And the Federal Reserve is keeping short-term rates at zero for the foreseeable future. That will likely change if inflation picks up, but it will probably be next year before short rates rise. In the meantime, it's all systems go for the economy.



Source: FactSet

### Market Returns

Source: Morningstar Direct data as of May 31, 2021

Asset Class	Index	Total Return 1 Month	Total Return YTD	Total Return 1 Year	Annualized 3 Year	Annualized 5 Year
Global Equities:	Diversified Equity Benchmark*	1.02	12.01	43.46	15.79	15.49
Domestic Equities:	S&P 500 (Large Cap)	0.70	12.62	40.32	18.00	17.16
	Russell 2000 (Small Cap)	0.21	15.30	64.56	13.06	16.01
International Equities:	MSCI EAFE (Developed)	3.26	10.07	38.41	8.23	9.77
	MSCI Emerging Market	2.32	7.26	51.00	9.65	13.88
Fixed income:	Barclays Intermediate U.S. Gov't/Credit	0.40	-0.98	-0.98	4.65	2.90
	Barclays Muni Short-Interm 1-10 Years	0.05	0.26	0.26	3.72	2.49
	Barclays Global Intermediate	0.88	-1.68	-1.68	3.05	2.16

### The Important Role of the Fiduciary and How to Select One

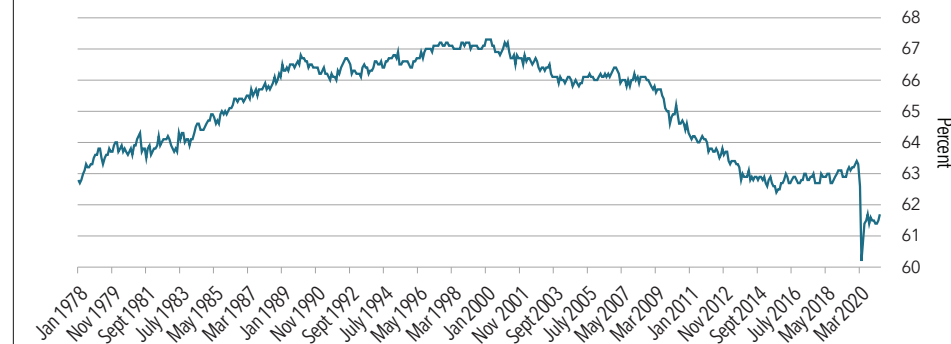
If you're in the process of preparing your estate plan, you may be trying to select a fiduciary. Learn about the important role of the fiduciary in estate planning and how to best select one in our [blog post](#).

### Transitory or Not, That is the Inflation Question

Last month we discussed how inflation was picking up as commodity prices have doubled, tripled, and even quadrupled in the case of lumber. The Fed has maintained the view that the inflation we have experienced thus far in 2021 is "transitory" and is overstated due to poor comparison periods based on the circumstances Covid created last year. The other argument for inflation being transitory is that many of the problems we face now stem from a supply side crunch that should solve itself once restrictions fade and the economy continues to recover.

Wage inflation, on the other hand, has historically been more permanent or sticky. Wage and salaries increased 4.6% in the first quarter of this year which is faster growth than we have seen in a decade. Businesses are struggling to find workers and have been forced to raise wages to attract them. As seen in the Labor Force Participation chart, we have lost about 2% of our workforce relative to pre-pandemic levels. As more people get vaccinated and the temporary increase in federal unemployment benefits roll off, more people will likely reenter the workforce. If this occurs, wage inflation may in fact be transitory and won't pose a longer-term threat.

### Civilian Labor Force Participation Rate United States



Source: FactSet

## Commentary Team:

Rick Frevert, Scott Summers CFA®, Matt Veenker CFA®, Dave Young

## Sources:

Bloomberg, Morningstar, FactSet, Crandall Pierce

\*Benchmark consists of Russell 3000 (76%), MSCI ACWI ex US (20%) and FTSE EPRA/NAREIT Global (4%)

## Index Definitions:

Barclays Global Intermediate: Index that measures global investment grade debt from 24 local currency markets, including treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

Barclays Intermediate US Government/Credit Index: a broad-based flagship benchmark that includes investment grade, US dollar-denominated, fixed-rate Treasuries, government-related and corporate securities, within a 2-10 year maturity range.

Barclays Municipal Short-Intermediate 1-10 Years: Index that measures the performance of US municipal bonds with time to maturity of between one and ten years.

FTSE EPRA/NAREIT Global: an index used to track the performance of listed real estate companies and REITS in both developed and emerging markets.

MSCI ACWI ex US: an index that captures large and mid-cap representation across 22 of 23 Developed Markets (DM) countries (excluding the US) and 24 Emerging Markets (EM) countries. With 2,136 constituents, the index covers approximately 85% of the global equity opportunity set outside the US.

MSCI EAFE - Developed International: created to reflect the performance of small- to large-cap stocks across the developed regions of Europe, Australasia, and the Far East (EAFE). The index was developed by Morgan Stanley Capital International (MSCI) in 1969 and lists 926 stocks from 21 countries in the EAFE.

MSCI Emerging Market: an index used to measure equity market performance in global emerging markets, consisting of 23 economies including Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkey and the United Arab Emirates.

Russell Indices: The Russell 3000 is a market-capitalization-weighted equity index maintained by the FTSE Russell that provides exposure to the entire U.S. stock market. The index tracks the performance of the 3,000 largest U.S. traded stocks which represent about 98% of all U.S. incorporated equity securities. The Russell 2000 index measures the performance of approximately 2,000 of the smallest companies in the Russell 3000 index.

S&P Indices: The S&P 500 Index is a market-capitalization-weighted index of the 500 largest U.S. publicly traded companies by market value. Other popular indices include the S&P MidCap 400, which represents the mid-cap range of companies and the S&P SmallCap 600, which represents small-cap companies. The S&P 1000 is a combination of the S&P 400 and 600, representing the small and mid-cap market. The S&P 500, S&P MidCap 400 and S&P SmallCap 600 combine to create a U.S. all-capitalization index known as the S&P Composite 1500.

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