

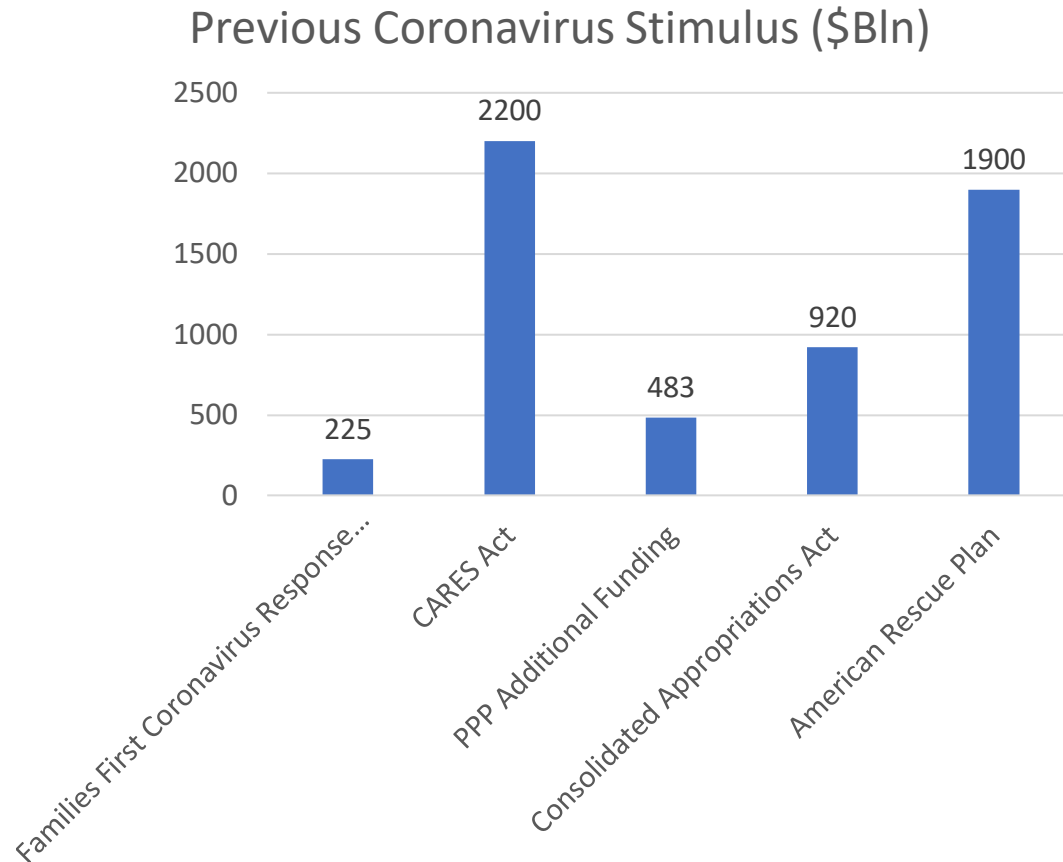
Sevens Report Alpha Webinar:

Are the Four Pillars of the Rally Still Intact?

Thursday, November 11th, 2021

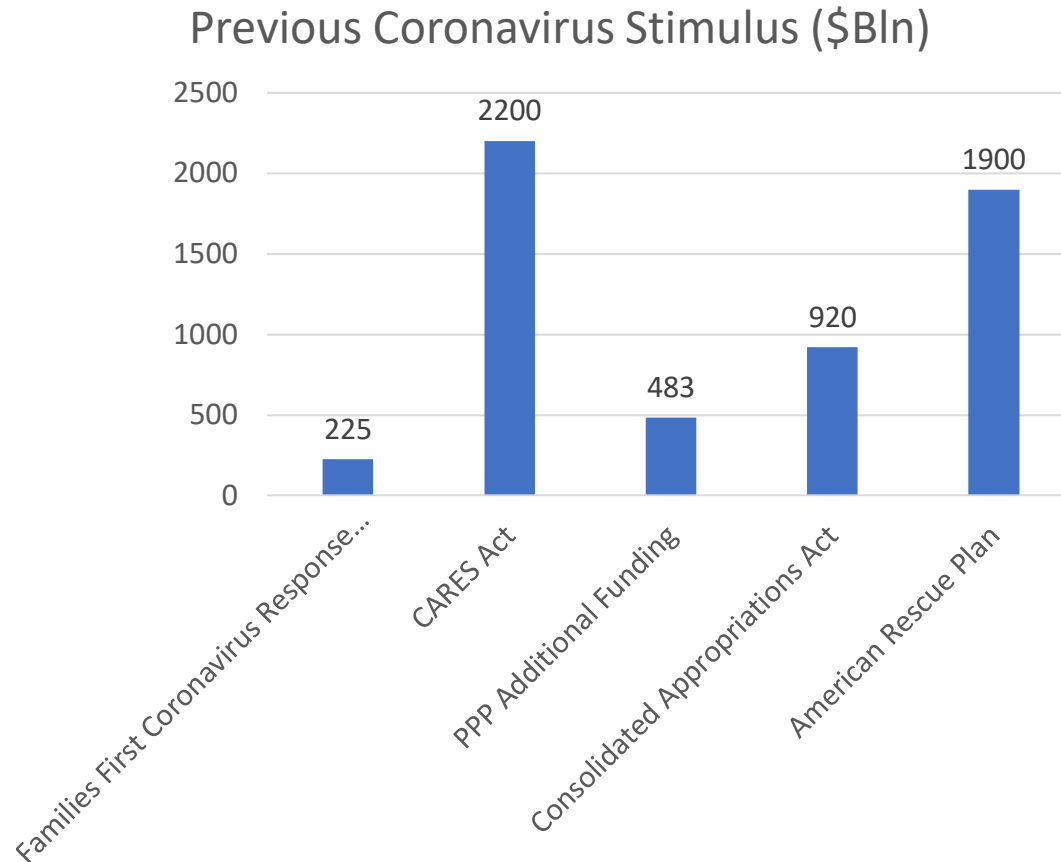
Tom Essaye, President Sevens Report Research

Pillar One: Historic Government Stimulus



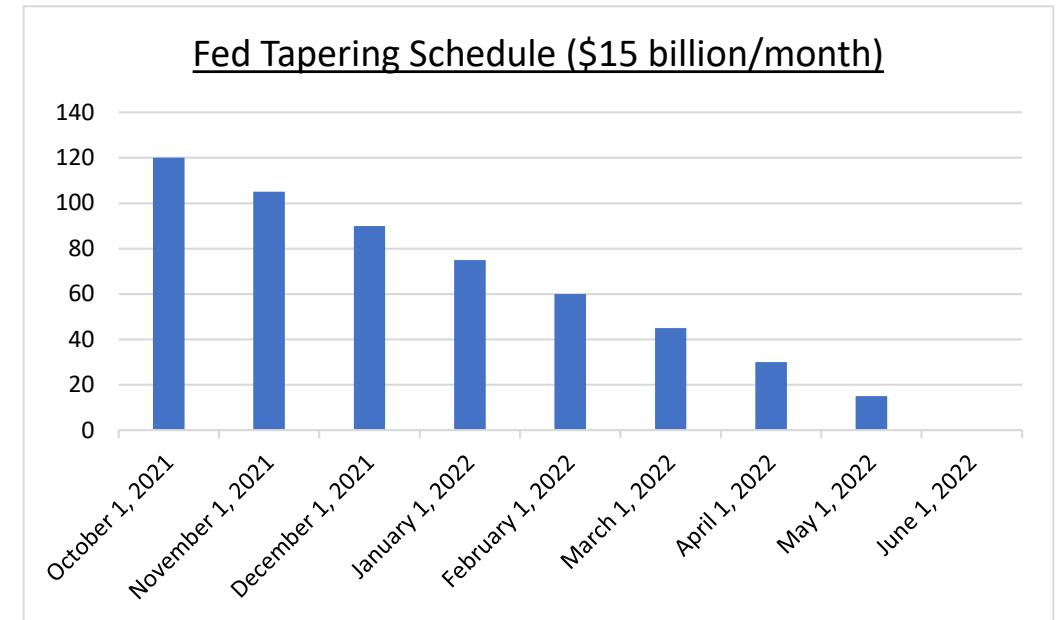
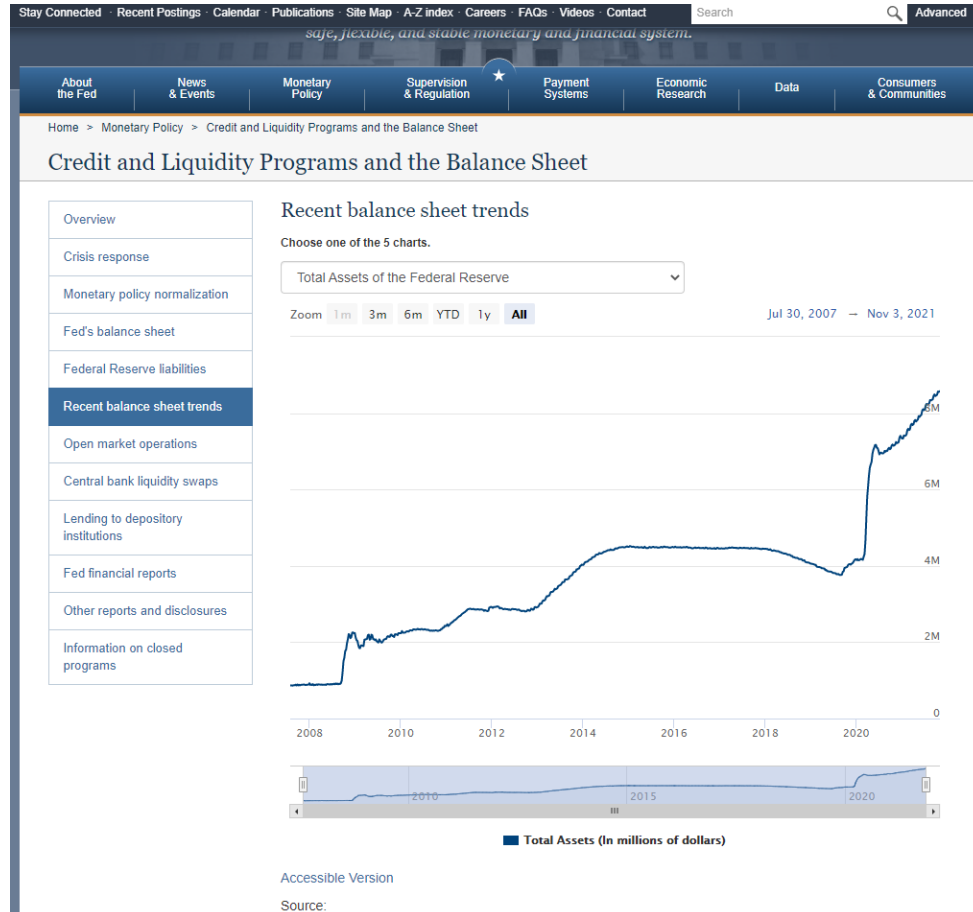
- Current Stimulus
 - Unemployment benefits (\$900/week Federal). **Expired.**
 - State unemployment benefits still in place (but normal rates).
 - Child Tax Credit (**Active**)
 - \$3600 per child under the age of six
 - \$3000 per child between six and 18.
 - Gradual phase out above \$75k/\$150k income (single/double).

Pillar One: Historic Government Stimulus



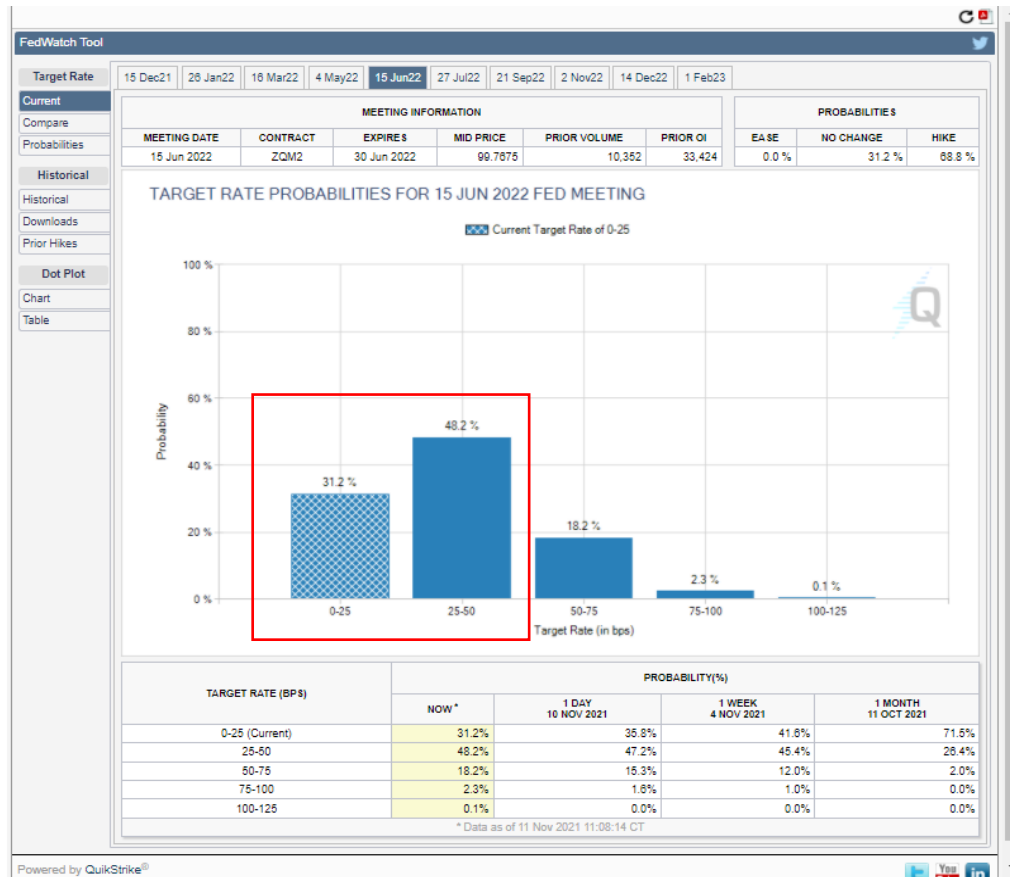
- What's Coming
 - Infrastructure Bill
 - \$1 trillion in spending, but \$450 already authorized. Just \$550 new. Money to be spent in 5-10 years (so average \$50 billion/year. Not substantial).
 - Spending Bill
 - Potential extension of Child Tax Credit through 2025
 - \$3600 per child under the age of six
 - \$3000 per child between six and 18.
 - Gradual phase out above \$75k/\$150k income (single/double).
 - Most other benefits focused on climate, healthcare changes and expansion, universal pre-school.

Pillar Two: Historic Fed Support

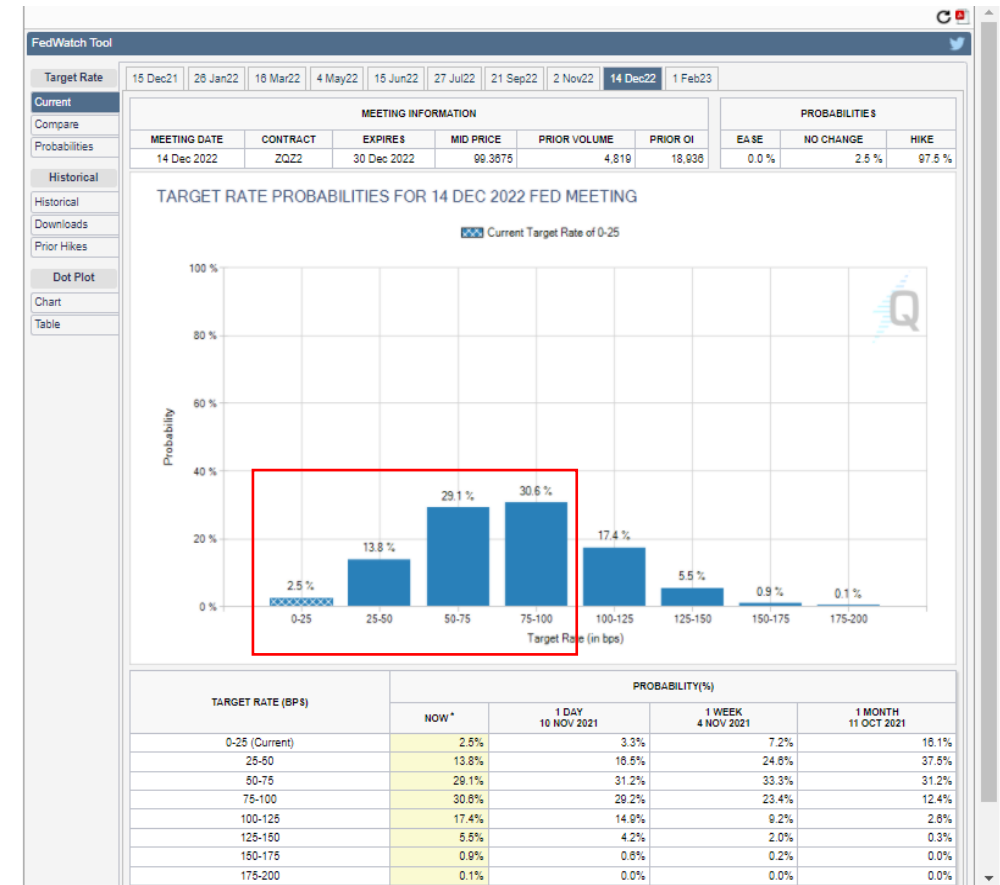


Pillar Two: Historic Fed Support

There's a 70% Chance of a Rate Hike in June 2022

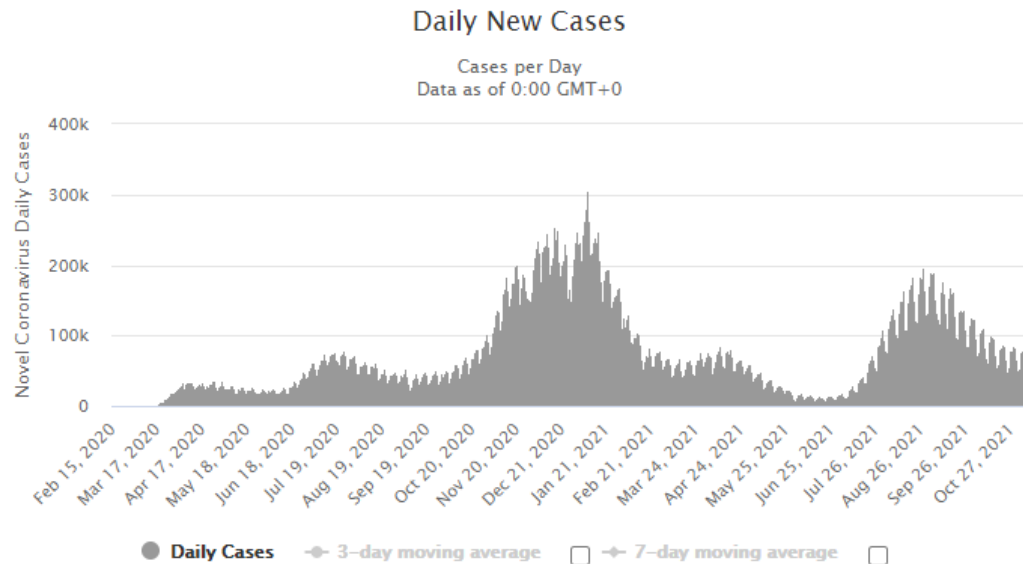


There's a 60% Chance of two rate hikes by the end of 2022.



Pillar Three: COVID Vaccine Optimism

Daily New Cases in the United States



See also: [Daily Deaths Graph](#)

News / Coronavirus Outbreak / Finally, pills to treat Covid-19! All you need to know about Pfizer's Paxlovid and Merck's

Finally, pills to treat Covid-19! All you need to know about Pfizer's Paxlovid and Merck's Molnupiravir

ADVERTISEMENT

A better way to crypto.

A simple, safe and totally awesome way to trade the world's top crypto.

Start trading

eToro USA LLC. Investments are subject to market risk, including the possible loss of principal.

With initial data showing that Pfizer's Paxlovid and Merck's Molnupiravir could slash the risk of severe Covid-19 infection, these pills could bolster the world's therapeutic arsenal against the virus.

ADVERTISEMENT

Store everything in your driveway

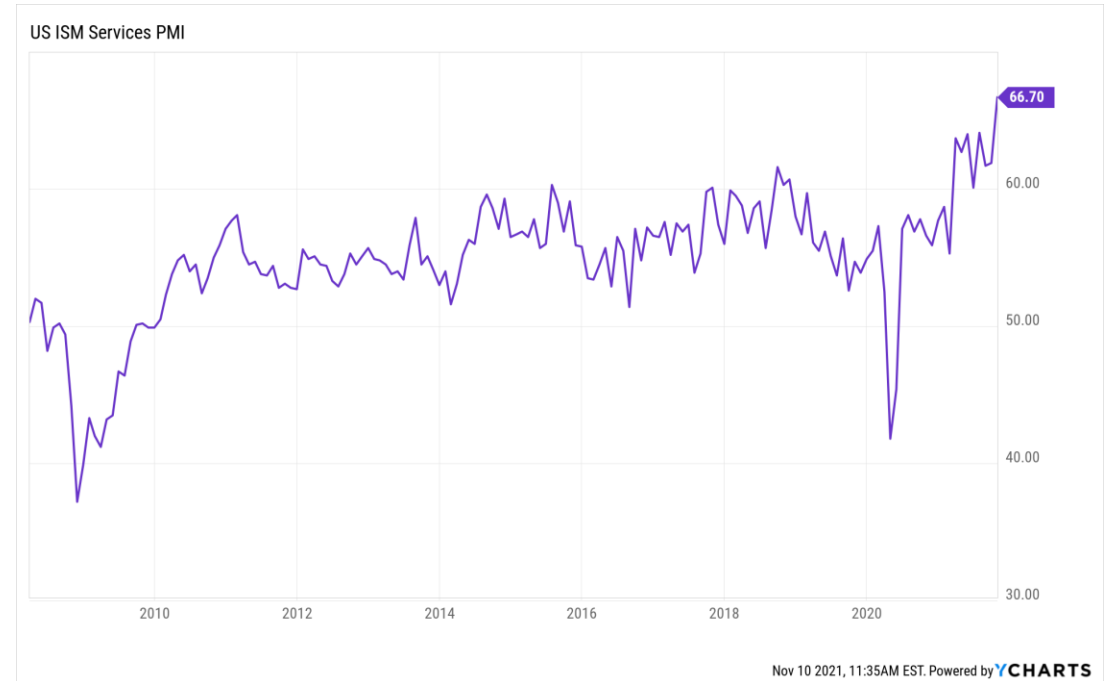
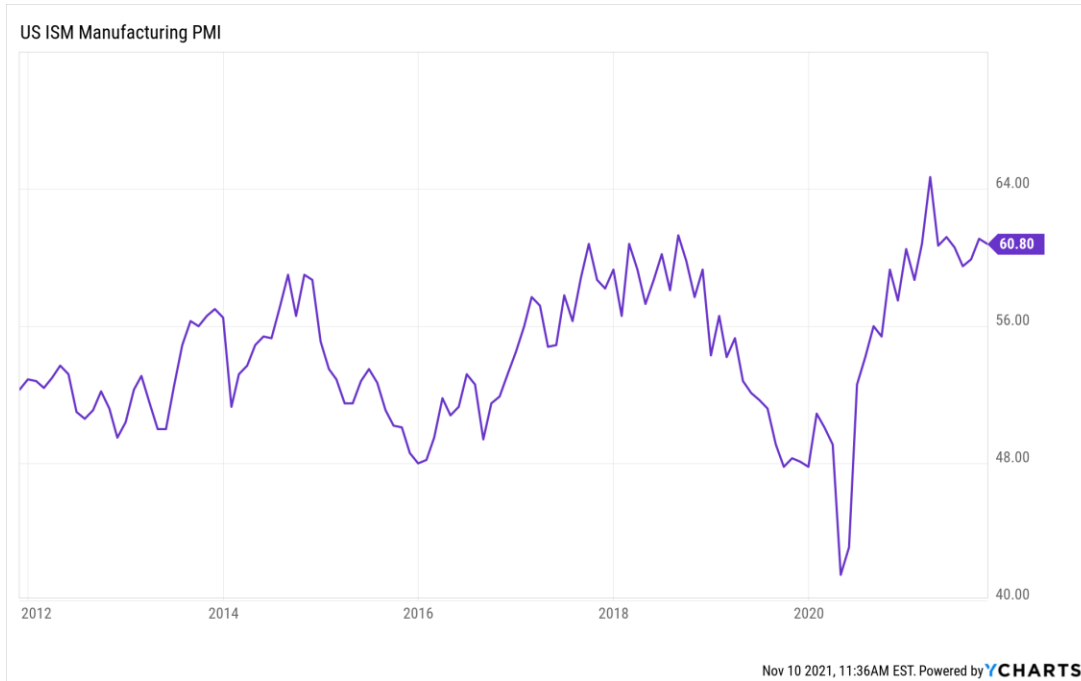
PODS **Get a Quote**



Oaishik Bhattacharya Sneha Mordani
New Delhi
November 10, 2021 UPDATED: November 10, 2021 20:49 IST

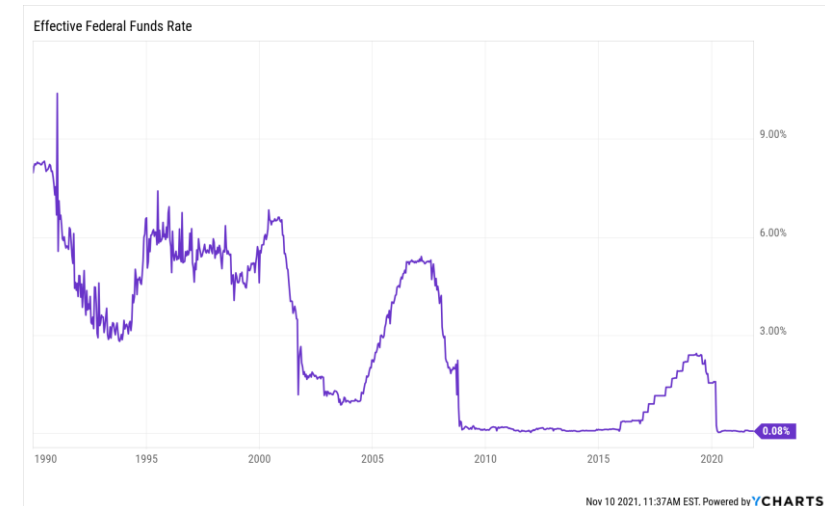


Pillar Four: Strong Economic Recovery



Four Pillars Updated

- Pillar 1: Historic Government Stimulus. Reduced since June
- Pillar 2: Historic Federal Reserve Stimulus. Reduced since June.
- Pillar 3: Vaccine Optimism. Reduced since June.
- Pillar 4: Economic Recovery. Intact.
- But, context matters from a market standpoint.



Four Pillars Updated

- Another way to think about it:
 - Despite inflation at 30-year highs and economic growth very strong, the government is still giving out additional stimulus (infrastructure, Child Tax Credit, Spending bill).
 - Despite inflation at 30-year highs and economic growth being very strong, the Fed is still going to be doing QE until Q2 '22 and we won't get a rate hike until mid-2022 at the earliest.
 - COVID is effectively over from a market standpoint as vaccination rates combined with therapeutics (Molnupiravir and Paxlovid) make chances of hospital overruns minimal.
 - Economic growth remains very strong, no indication of slowing down.
- Macro Take: It's true that the "Four Pillars" are not as strong as they were in June, but they remain in place even in a weakened state.
- If we take that in the context of an economy that's already very strong, then it amounts to gasoline on a fire. The pillars aren't as strong as they were, but they don't need to be to help support stocks.
- Alpha Strategies For This Environment:
 - Inflation Playbook: SGOL/PDBC/GNR/RLY/RTM/RGI/BKLN/JAAA/STIP. 2/23/21.
 - "Old Economy": DJD/FDL/RPV. 1/26/21.
 - Finding Value in European Equities: VGK/FEZ. 7/14/20.
 - Socially Responsible Investing: ESGV. 3/26/19.