



1/14/2022

## FUSCO FINANCIAL ASSOCIATES

Market Commentary

To Our Valued Clients,

It has been slim pickings in many grocery stores across the U.S. over the past couple of weeks as rising COVID cases and severe weather have caused, stop me if you've heard this before, sudden supply chain disruptions. Winter storms in the northeast and wildfires out west have led to shipping delays, further exacerbating problems with an already hampered supply chain. Product shortages have been broad as grocery retailers have struggled to stock anything from seafood to dry bulk goods. According to Consumer Brands Association, U.S. groceries typically have 5% to 10% of their items out of stock at any given time, currently, that figure is above 15%<sup>1</sup>.

Grocery retailers aren't the only ones dealing with bad weather, airlines have also been acutely impacted. Since January 1<sup>st</sup>, airlines have canceled over 30,000 flights that have an origin or destination airport within the U.S., the highest measure since April of 2020<sup>2</sup>. Delta CEO Ed Bastian noted that the airline lost about \$75 million in revenue from flight cancellations and a loss of bookings with storms cost the airline another \$5 million<sup>3</sup>. All of this comes against a backdrop of rapidly rising COVID-19 cases as the Omicron variant continues to spread. Delta, as one example, noted on their Q4 Analyst call that over 8,000 of its 75,000 employees have tested positive for the virus over the past four weeks alone<sup>4</sup>.

Supply and labor shortages have been a persistent theme as of late, and continue to underscore the broader issue of inflation. The latest Consumer Price Index (CPI) data showed prices grew 0.50% during the month of December, good for a 7% year-over-year increase, the highest reading since February of 1982<sup>5</sup>. Although the point has become belabored for many, the consensus remains that as we move through 2022 supply chain bottlenecks will begin to ease as demand becomes manageable and the labor market continues to recover, ultimately lessening upward pressure on prices.

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<sup>1</sup> Consumer Brands Association

<sup>2</sup> FlightAware

<sup>3</sup> Delta Q4 earnings call

<sup>4</sup> Delta Q4 earnings call

<sup>5</sup> Federal Reserve Bank of St. Louis

Thanks for reading, and as always, if you have any questions, or if we can help in any way, please don't hesitate to give our office a call.

With My Best Regards,

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