

the SGROI FINANCIAL

NEWSLETTER



Check out our website for videos, articles, and memories commemorating our milestone of 50 years in business!

Fraud schemes related to COVID-19 are rapidly evolving. Federal and local law enforcement agencies across the country are warning the public about these criminal activities; scammers are reaching out to individuals using telemarketing calls, text messages, emails, social media, and even door-to-door visits to trick them into giving personal information and/or money with false promises like COVID-19 cures and Coronavirus testing kits. Your personal information and identity should always be safeguarded. Please be careful and aware of these scams.

Stolen Federal Stimulus Payments

Federal stimulus payments have proven to be an easy target for scam artists. In April 2020, in an effort to get checks out to those in need, the IRS launched a portal to assist in distribution of funds. Users were asked to provide a range of information such as full name, mailing and/or email address, date of birth



**KEEP
CALM
AND
AVOID
COVID-19
SCAMS**

Coronavirus scams and protecting your identity

and Social Security number, bank account information, driver's license, etc. Although the simple data requirements were helpful for many people, the provided information makes it easier for scam artists to claim checks that do not rightfully belong to them. Basic information can be stolen in a variety of ways including data breaches, fake websites asking for

personal information, scam calls and phishing emails, intended to trick their victims to divulge their identity.

Scammers Impersonating Government Agencies

The FBI's Internet Crime Complaint Center (IC3) has reported a rise in fake emails claiming to be from organizations such as the Centers for Disease Control and Prevention offering information on the Coronavirus. It is very important to not click or open attachments from senders you do not recognize. These actions can unlock malware and allow scammers to either steal personal information or lock your

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computer and demand payment in return. Additionally, be wary of visiting websites or using apps that claim to track COVID-19 cases worldwide; criminals are using these outlets as opportunities to deliver malware to phones and personal computers.

Protect Your Identity

Frequently check your savings, checking, credit card, and any other financial accounts you have for unauthorized activities. If you do see suspicious withdrawals or charges, contact your bank immediately and take necessary action that the bank advises, such as canceling your active accounts and issuing new ones. Another tip is to frequently change your online passwords to better protect your information from potential data breaches. Set up strong unique passwords for each of your accounts, and do not

share your credentials with unknown sources.

It's unfortunate that these scam artists are taking advantage of a pandemic to steal people's identities, but you can take steps right now that can better protect your information from these criminals. For more information on these fraudulent activities, check out the Federal Communications Commission (FCC) for other scams and tips to protect yourself. 



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Fake Offers for Home Test Kits

There are currently no federally approved home test kits for Coronavirus, but this hasn't stopped scammers from offering these bogus goods to frightened Americans. If you are worried that you may have contracted the virus, you should speak with your doctor and inquire about testing availability in your area. Remember, never share your medical information, Social Security number, or health insurance with an unknown "person."

PENCIL PROJECT*

Teacher of the Week Giveaway

Leading up to our Pencil Project promotion in August, we're giving away chances for WNY Teachers to win a \$50 gift certificate to Teachers' Tools & Treasures, a local classroom supplies store in Cheektowaga, NY! For more info, check out our website!

<https://sgroifinancial.com/teacher-of-the-week-giveaway-2021/>



50 YEAR ANNIVERSARY

Patrick
Sgroi



John
Clouden

Cheers to **50 Years in Business**

A new year means new beginnings, and we're excited to begin a new chapter celebrating Sgroi Financial's milestone of 50 years in business! This is a monumental success for our firm, and we couldn't be more excited to share this news with you all.

Joe Sgroi started this business in 1971; from the beginning he had one goal, always do what's best for the client. Today, we're honored to say that Sgroi Financial is a second-generation family-owned firm, assisting fourth-generation clients with their financial planning needs. We couldn't have made it to this level of success without the help of our dedicated staff members and wonderful clients.

We want to thank each of you that have been with us throughout all your stages of life. It gives us great happiness to see how far our clients have come in building financial futures for success, and we look forward to continuing this journey for years to come. From all of us at Sgroi Financial, we look forward to planning your next 50 years.

All the best,

A handwritten signature in black ink, appearing to be 'P. Sgroi'.

Patrick Sgroi,
President

A handwritten signature in black ink, appearing to be 'John Clouden'.

John Clouden,
Sr. Vice President



Michael Jurek

Congratulations!

**Jennifer Jurek's son, Michael,
recently graduated from the
United States Marine Corp
Recruit Training!**



Green Lights and Green Lights Ahead

"The stock market is never obvious. It is designed to fool most of the people, most of the time."

Jesse Livermore

It has been over a year since the S&P 500 fell to its COVID-19 low (March 23rd, 2020). Despite an 81% total return since then, the market still has some room to run into the second quarter of 2021.

Manufacturers are all examples of these value companies that have outperformed these growth companies this year.


The hard part now is to say what is in store for the 2nd quarter. Right now, what we do see are more of the same trends. Value companies should continue to do well along with small cap companies. These two parts of the market tend to lead the charge out of a recession. Interest rates should continue to rise, which history tells us puts some pressure on "growth" companies. Remember, when real interest rates are rising, that means that the economy is doing well, as investors are

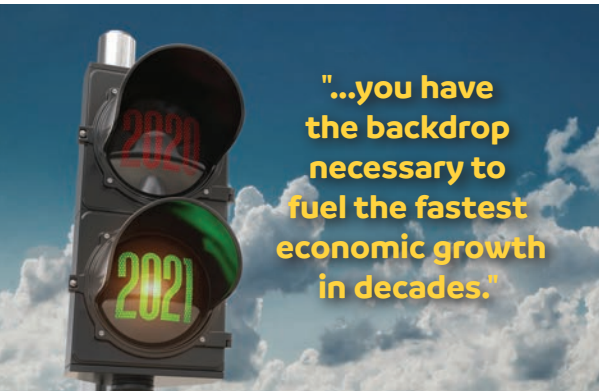
selling out of treasury bonds to buy stocks. This is just a normal market environment with a "risk-on" attitude. Energy, financial, and industrial companies all had strong starts to the year and hopefully continue this trend into the 2nd quarter.

With all this good news, there are still some risks on the horizon. With trillions of dollars pumped into the US economy and more stimulus checks being divvied out, there could be supply chain problems, which could then lead to inflationary worries. This in turn could put some pressure on the Federal Reserve to raise interest rates before their anticipated date in 2023; impacting unprepared investors. We are keeping a close eye on this here at Sgroi Financial and have hedges ready for the portfolios to combat this interest rate risk.

DEFINITIONS:

Value Stock: A company trading at a lower price than what the company's performance may otherwise indicate.

Growth Stock: A company expected to grow sales and earnings at a faster rate than the market average. 



We have a global economy that is poised to reopen more broadly, a vaccine program here in the US that should see 90% of adults eligible for COVID-19 shots by April 19th, and consumers are flush with cash. Mix in the fact that the Federal Reserve and Congress will remain accommodative, and you have the backdrop necessary to fuel the fastest economic growth in decades and the strongest S&P 500 earnings since 2010.


Quarter 1 went slightly different than many are used to; value stocks outperformed growth stocks by over 11%. Why this happened makes a ton of sense if we rewind time to when the COVID pandemic entered the US. Growth outperformed value in 2020 by over 35% (total return). This was because many investors saw these growth companies (technology) as being more immune to a pandemic than value. Now, investors see this as an opportunity to switch to value companies, which are in demand when the economy is poised to do well. Restaurants, hotel chains, airlines, and auto mobile



U.S. Economic Recovery in 2021


A light at the end of the tunnel?

On March 11th, 2020, COVID-19 was officially declared a pandemic by the World Health Organization. What followed was the worst economic downturn in the U.S. since the Great Depression, with over 22 million jobs lost, unemployment at nearly 15% and a 16% contraction in Gross Domestic Product (GDP) in a matter of months. Despite the recession in the U.S. economy last year, it has recovered quite well. Around 12 million of the 22 million jobs lost have been recovered, pushing the unemployment rate down to 6.2%. Much of this recovery can be attributed to the Federal Reserve pumping trillions of dollars into the economy. Additionally, public confidence has increased as pharmaceutical companies successfully develop COVID-19 vaccines.

 The continuation of economic recovery should progress in 2021 as we further distance ourselves from the COVID-19 outbreak last year. The Federal Reserve predicts that by the end of the year, the unemployment rate will be 5%. At the beginning of this year, the unemployment rate was at 6.7%, meaning the U.S. would have to add millions of jobs to reach a 5% unemployment rate by year end. Bob Stein, Deputy Chief Economist at First Trust, sees the U.S. adding 6 million jobs in 2021, the most ever in one year. Payrolls shouldn't be the only piece of eco-

nomics data growing substantially this year, as GDP should also experience growth. The Federal Reserve predicts that GDP will grow 4.5% in 2021, the best growth rate since 1999. As the Federal Reserve drastically increases the money supply to combat the economic fallout of COVID-19, inflation will likely be on the rise this year. Individuals that were hoarding cash since the start of the pandemic have resumed their spending in the reopened economy, which could help push prices up. Although the Federal Reserve predicts inflation for the year will be less than 2%, many believe it will be greater than 2%.



Other drivers to the economic recovery are stimulus bills Congress has been passing. Recently, Congress passed a 1.9 trillion-dollar stimulus package, which gives financial support to millions of Americans. This COVID-19 relief bill gives more money to individuals in the form of direct payments, increases federal unemployment benefits, and provides aid to state and local governments. With the chambers of Congress controlled by one party, it's possible we could see another stimulus bill or two being passed later this year as well. Additional stimulus bills will put more money into the economy, helping speed up the recovery process while also increasing inflationary pressure. 

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