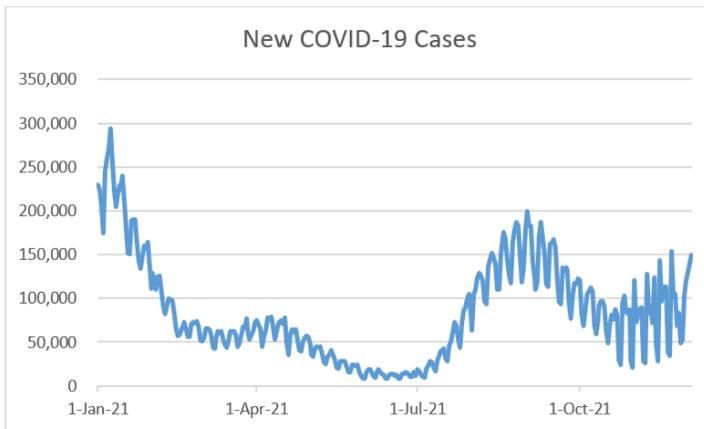




The list of COVID-19 variants got another Greek letter – Omicron. Not surprisingly, the markets reacted negatively to the news. Concern remains around the severity and transmissibility of the new variant. Before I dive into this latest turn in the pandemic, I want to correct something from my last month’s letter. The pills Merck and Pfizer have delivered do not immunize people from the COVID-19 virus. Instead, they treat those infected very effectively. In order to be immunized, however, one must be administered the vaccine.

Over and above the health concerns that Omicron brings is the question of its impact on the economy. Remember, the onslaught of COVID-19 brought about the quickest recession in U.S. history. The graph below shows new COVID-19 cases in the U.S. This likely excludes any impact from Omicron.



From the beginning of the year, new COVID-19 cases were falling, giving investors some degree of confidence that the worst may be over. Then cases rose during the summer as the Delta variant spread across the globe. The potential impact to the economy was called out by Federal Reserve Chairman Powell, with people unable to work and others staying at home to care for the sick. In addition, supply chain issues were exacerbated with the decline in workforce participation, a situation that became so acute that it was a lead story on *60 Minutes*. So far, medical opinions indicate that Omicron may be more transmissible,

but less severe than other strains of the virus. Part of the reason the virus may be less severe is because of higher vaccination rates.

While the advent of a new strain of COVID-19 is not welcome, there is much positive news for the U.S. economy. Real economic growth, stripping out the impact of inflation, continues to be positive. Household net worth is also at record levels, reflecting the growth of our economy. Pushing household net worth upward is the stock market at record levels and a robust housing market. As you recall, 70% of the U.S. economy is driven by the consumer, so a very strong consumer bodes well for the economy into 2022. Thus, we remain relatively bullish on stocks, and given the strong earnings potential of several sectors, we see reasons to expect a prosperous New Year for equity investors.

Argent is having an excellent year and we are excited about returns for our investors. We thank you for your business and your interest. In addition, if you like our market letters, we hope you will pass them on to friends. We have four successful equity strategies – Large Cap, Dividend Select, Mid Cap and Small Cap. For information on any of these options, please contact [clientservice@argenticapital.com](mailto:clientservice@argenticapital.com).

Sincerely,

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