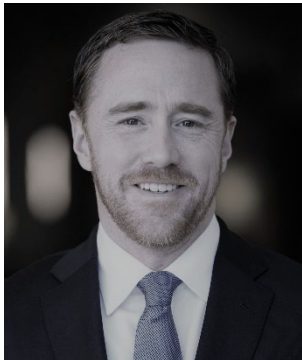


# The Sizemore Income Letter

February 16, 2023

## That Unkillable Inflation

By Charles Lewis Sizemore, CFA



I'm on the road today, so I will unfortunately have to make this short. But let's talk inflation!

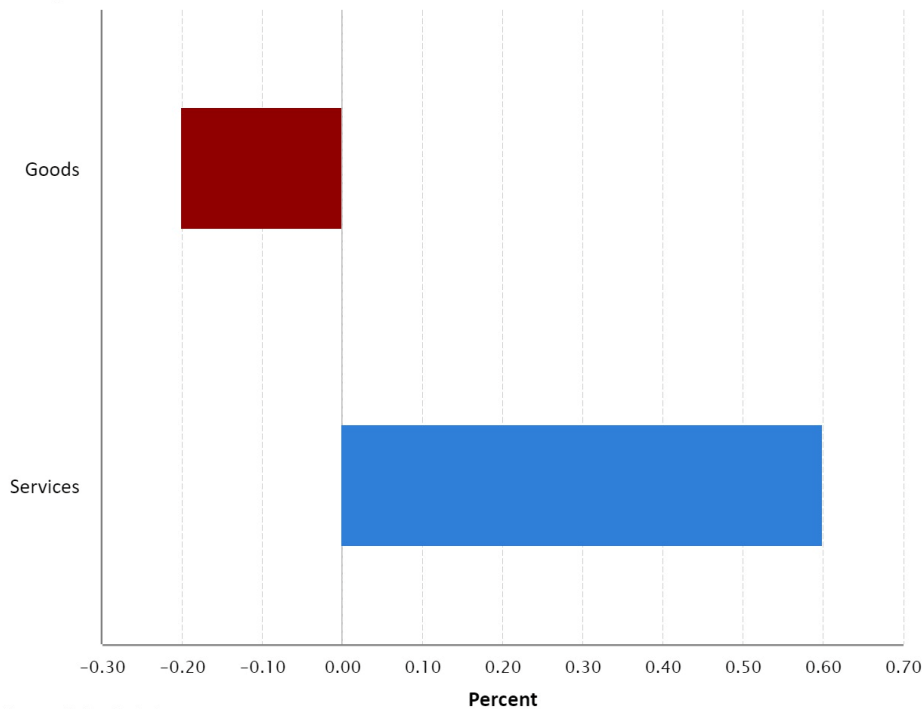
In case you missed it, CPI inflation for January came in hotter than expected, prompting a stock selloff on Monday. Well, we got a repeat today, as PPI, producer price inflation at the wholesale level, also came in hotter than expected. Wholesale producer inflation is seen as a leading indicator for future CPI, so it tends to get headlines.

I won't rehash the headline numbers. I'm more interested in the details, and specifically the split between goods and services.

PPI for final demand components, 1-month percent change, January 2024

[Click on bars to drill down](#)

Commodity



Source: U.S. Bureau of Labor Statistics.



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There was no inflation in goods. Prices actually *fell*, in fact. There was deflation in “stuff.”

Now let’s look at services. Services inflation was 0.6% for the month, pulling up the composite number for the month.

So, what are we to make of that?

It comes down to people. We continue to have a worker shortage because the working age population hasn’t significantly grown in nearly a decade.

There’s not much the Federal Reserve can do about that. You can’t make new workers materialize out of the ether. So, regardless of what the Fed does with interest rates, inflation in services is going to continue to be an issue.

That creates implications for interest rates, dividend stocks and just about anything else tied to interest rates. Bottom line: Don’t expect interest rates to fall too far too fast.

I have nothing else to report today. Until next week, keep cashing those dividend checks!

A handwritten signature in blue ink that reads "Charles Lewis Sizemore". The signature is fluid and cursive, with a long horizontal stroke at the end.

Charles Lewis Sizemore, CFA

P.S.: Apart from writing this newsletter, I run a full-service wealth management firm along with my colleagues. At **Sizemore Capital Management**, we build income portfolios like those I write about in the *Sizemore Income Letter*. But we also do a lot more than that. We manage a suite of low-volatility strategies offering low correlation to the S&P 500. If you’d like for me to take a look at your portfolio and offer some recommendations, contact me at [info@sizemorecapital.com](mailto:info@sizemorecapital.com).

## The Sizemore Income Letter Portfolio

Stock	Ticker	Entry Date	Buy Price	Recent Price	Stop Loss	Yield	Cumulative Dividends	Total Return	IRA Friendly?	Action
Global Medical REIT	GMRE	12/29/2023	\$11.39	\$9.61	\$8.92	8.74%	\$ -	-15.61%	Yes	Buy
Essential Properties Realty Trust	EPRT	8/4/2023	\$23.59	\$24.78	\$18.10	4.61%	\$ 0.28	6.23%	Yes	Buy
National Storage Affiliates Trust	NSA	6/30/2023	\$34.82	\$36.70	\$26.98	6.10%	\$ 0.56	7.01%	Yes	Buy
Nintendo Company Ltd	NTDOY	5/26/2023	\$10.69	\$14.52	\$8.34	3.49%	\$ -	35.83%	Yes	Buy
iShares MSCI Brazil ETF	EWZ	12/26/2022	\$28.79	\$33.13	\$20.15	10.60%	\$ 0.76	17.68%	Yes	Buy
Cheniere Energy Partners	CQP	8/4/2022	\$46.49	\$52.34	\$41.42	6.67%	\$ 5.23	23.83%	No	Buy
Citigroup Inc	C	6/23/2022	\$47.34	\$54.97	\$36.00	3.71%	\$ 3.10	22.66%	Yes	Buy
ONEOK, Inc.	OKE	4/28/2022	\$65.50	\$72.40	\$47.91	5.28%	\$ 6.63	20.65%	Yes	Buy
Energy Transfer Partners	ET	12/27/2021	\$8.16	\$14.56	\$8.59	8.52%	\$ 2.11	104.24%	No	Buy
EPR Properties	EPR	11/29/2021	\$47.78	\$42.45	\$33.92	7.77%	\$ 6.78	3.02%	Yes	Buy
Chevron Corporation	CVX	9/30/2021	\$103.33	\$155.44	\$132.62	3.89%	\$ 13.06	63.07%	Yes	Buy
ClearBridge Energy Midstream Opportunity	EMO	5/26/2021	\$21.94	\$36.62	\$20.49	7.10%	\$ 5.05	89.93%	Yes	Buy

## The Forever Portfolio

Stock	Ticker	Entry Date	Buy Price	Recent Price	Stop Loss	Yield	Cumulative Dividends	Total Return	IRA Friendly?
Kellanova	K	1/30/2024	\$ 54.79	\$ 55.62	None	4.03%	\$ -	1.51%	Yes
Walmart	WMT	11/15/2023	\$ 168.88	\$ 171.69	None	1.33%	\$ 0.57	2.00%	Yes
Waste Management	WM	11/15/2023	\$ 172.02	\$ 201.99	None	1.39%	\$ 0.70	17.83%	Yes
National Retail Properties	NNN	9/29/2022	\$ 39.07	\$ 40.81	None	5.39%	\$ 2.78	11.57%	Yes
Conagra Brands	CAG	6/23/2022	\$ 32.47	\$ 27.27	None	4.84%	\$ 2.02	-9.79%	Yes
The Clorox Company	CLX	6/23/2022	\$ 132.28	\$ 152.31	None	3.10%	\$ 7.12	20.52%	Yes
Campbell Soup Company	CPB	6/23/2022	\$ 47.04	\$ 41.37	None	3.58%	\$ 2.22	-7.33%	Yes
Flowers Foods	FLO	6/23/2022	\$ 24.97	\$ 22.31	None	3.95%	\$ 1.35	-5.25%	Yes
General Mills	GIS	6/23/2022	\$ 67.90	\$ 64.34	None	3.36%	\$ 3.34	-0.32%	Yes
J.M. Smucker Company	SJM	6/23/2022	\$ 123.83	\$ 124.68	None	3.27%	\$ 6.20	5.69%	Yes
Target Corporation	TGT	6/23/2022	\$ 141.08	\$ 150.09	None	2.88%	\$ 6.52	11.00%	Yes
Coca-Cola Company	KO	4/27/2022	\$ 65.56	\$ 59.58	None	2.95%	\$ 3.60	-3.63%	Yes
Prologis	PLD	10/29/2021	\$ 146.67	\$ 134.06	None	2.36%	\$ 6.40	-4.23%	Yes
Crown Castle International	CCI	10/29/2021	\$ 181.90	\$ 107.75	None	5.46%	\$ 12.14	-34.09%	Yes
Philip Morris International	PM	3/30/2021	\$ 89.35	\$ 89.89	None	5.65%	\$ 11.33	13.28%	Yes
Altria Group	MO	3/19/2020	\$ 37.10	\$ 40.13	None	9.37%	\$ 13.46	44.45%	Yes
Realty Income	O	3/19/2020	\$ 48.08	\$ 52.48	None	5.85%	\$ 10.96	31.94%	Yes
AT&T	T	3/19/2020	\$ 23.69	\$ 17.03	None	6.52%	\$ 6.63	-0.15%	Yes
Enterprise Products Partners	EPD	3/19/2020	\$ 14.52	\$ 27.23	None	7.35%	\$ 7.00	135.67%	No
Kinder Morgan	KMI	3/19/2020	\$ 11.20	\$ 17.17	None	6.58%	\$ 4.09	89.80%	Yes
Ventas	VTR	3/19/2020	\$ 19.98	\$ 44.36	None	4.06%	\$ 7.09	157.53%	Yes
Public Storage	PSA	3/19/2020	\$ 187.60	\$ 283.43	None	2.82%	\$ 47.15	76.21%	Yes
International Paper	IP	3/19/2020	\$ 30.13	\$ 35.61	None	5.20%	\$ 7.08	41.69%	Yes
STAG Industrial	STAG	3/19/2020	\$ 21.71	\$ 39.10	None	3.73%	\$ 5.46	105.24%	Yes
Retail Opportunity Investments	ROIC	3/19/2020	\$ 7.25	\$ 12.85	None	4.67%	\$ 1.72	100.97%	Yes

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