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Market Week: April 18, 2022

The Markets (as of market close April 14, 2022)

Stocks ended last week mostly lower. Each of the benchmark indexes listed here closed down during the holiday-shortened week, as Wall Street was closed in observance of Good Friday. Tech shares slid lower, pulling the Nasdaq down 2.6%. The S&P 500 also fell more than 2.0% for the week. Only the Russell 2000 pushed higher. Ten-year Treasury yields, the dollar, and gold prices advanced. Crude oil prices, which had fallen in recent weeks, reversed course, climbing more than $8.00 per barrel. Inflationary indicators showed no slowdown in March, with consumer prices climbing 1.2%, pushed higher by rising oil prices resulting from the Russia-Ukraine war. Among the market sectors, energy and utilities were the only areas to gain for the week, while information technology and communication services were the worst performers.

Treasury yields rose and stock prices fell to begin the week last Monday. Tech shares and energy stocks led the decline. The Nasdaq lost 2.2% on the day after falling nearly 4.0% the previous week, marking the worst performance since late January for the tech-heavy index. The S&P 500 dipped 1.7%, the Dow fell 1.2%, the Russell 2000 slipped 0.7%, and the Global Dow fell 0.5%. Bond prices also dropped, sending yields higher. Ten-year Treasury yields jumped 6.7 basis points to 2.78%. The dollar and gold prices advanced. Crude oil prices declined $3.30 to $94.97 per barrel.

Despite gains earlier in the day, stocks closed last Tuesday down. Investors pulled away from equities, resuming worries that the Fed will accelerate interest-rate increases following the latest data from the Consumer Price Index (see below). The Dow, the S&P 500, and the Nasdaq fell about 0.3%, while the Global Dow dipped 0.5%. The small caps of the Russell 2000 increased 0.3%. Ten-year Treasury yields fell 5.5 basis points to 2.72% as rising bond prices pulled yields lower. Energy shares rose 1.7% as crude oil prices surged 6.8% to $100.70 per barrel. The dollar and gold prices increased.

Wall Street bounced back last Wednesday, with each of the benchmark indexes listed here posting solid gains. The Nasdaq led the increase, climbing 2.0%, followed by the Russell 2000 (1.9%), the S&P 500 (1.1%), the Dow (1.0%), and the Global Dow (0.7%). Ten-year Treasury yields slipped 3.8 basis points to 2.68%. The dollar also fell, while crude oil prices continued to advance, adding $3.72 per barrel to reach $104.32 per barrel. Consumer discretionary led the market sectors, advancing 2.5%.

Stocks ended the holiday-shortened week lower last Thursday. Each of the benchmark indexes ended the day in the red, led by the Nasdaq (-2.1%) and the S&P 500 (-1.2%). The Russell 2000 slid 1.0%, the Dow fell 0.3%, and the Global Dow dipped 0.1%. Energy was the only sector to gain ground, while information technology dropped 2.5%. The yield on 10-year Treasuries rose 14 basis points to 2.82%. Crude oil prices reached $106.24 per barrel, an increase of nearly $2.00 per barrel. The dollar advanced, while gold prices fell.

Key Dates/Data Releases
4/19: Housing starts
4/20: Existing home sales

Stock Market Indexes

Market/Index	2021 Close	Prior Week	As of 4/14	Weekly Change	YTD Change
DJIA	36,338.30	34,721.12	34,721.12	-0.78%	-5.19%
Nasdaq	15,644.97	13,711.00	13,711.00	-2.63%	-14.66%
S&P 500	4,766.18	4,488.28	4,488.28	-2.13%	-7.84%
Russell 2000	2,245.31	1,994.56	1,994.56	0.52%	-10.70%
Global Dow	4,137.63	4,055.47	4,055.47	-0.48%	-2.46%
Fed. Funds target rate	0.00%-0.25%	0.25%-0.50%	0.25%-0.50%	0 bps	25 bps
10-year Treasuries	1.51%	2.71%	2.82%	11 bps	131 bps
US Dollar-DXY	95.64	99.85	100.31	0.46%	4.88%
Crude Oil-CL=F	$75.44	$97.86	$106.24	8.56%	40.83%
Gold-GC=F	$1,830.30	$1,948.40	$1,975.50	1.39%	7.93%

Chart reflects price changes, not total return. Because it does not include dividends or splits, it should not be used to benchmark performance of specific investments.

Last Week's Economic News

- Consumer prices vaulted 1.2% higher in March and have risen 8.5% over the past 12 months. Increases in the indexes for gasoline (18.3%), shelter (0.5%), and food (1.0%) were the largest contributors to the overall CPI increase. The shelter index was by far the biggest factor in the increase, with a broad set of other indexes also contributing, including those for airline fares, household furnishings and operations, medical care, and motor vehicle insurance. In contrast, the index for used cars and trucks fell 3.8%. It should be noted that a major contributing factor in the March CPI increase was the surge in fuel prices following Russia's invasion of Ukraine. The 12-month increase was the largest since the period ended December 1981. This latest data will likely support a more aggressive response from the Federal Reserve with interest-rate hikes and a faster reduction in bond holdings.
- Prices at the producer level increased 1.4% in March. Over the past 12 months, producer prices have moved up 11.2%, the largest increase since data was first calculated in November 2010. In March, goods prices advanced 2.3%, while prices for services increased 0.9%. Since March 2021, producer prices less foods, energy, and trade services increased 7.0%. As with consumer prices, much of the increase in producer prices in March is attributable to a jump in energy prices, spurred higher by the Russia-Ukraine war.
- March saw inflationary pressures continue in international trade. Import prices advanced 2.6% last month, while export prices rose 4.5%. The March increase in imports was the largest monthly increase since April 2011. Import prices have risen 12.5% since March 2021. Import fuel prices advanced 14.6% in March — the largest one-month increase since July 2020. Regarding export prices, the March advance was the largest monthly increase since January 1989 when data was first calculated. Export prices have increased 18.8% over the 12 months ended in March.
- Retail sales rose 0.5% in March and 6.9% since March 2021. Retail trade sales were up 0.4% last month from February and increased 5.5% year over year. Gasoline station sales jumped 8.9% in March, general merchandise store sales rose 5.4%, sales at food services and drinking places increased 1.0%, and food and beverage store sales climbed 1.0%. Conversely, sales from motor vehicle and parts dealers fell 1.9%, and online sales slid 6.4%.
- The federal budget deficit in March was $192.7 billion, $467.0 billion lower than the March 2021 deficit. Through the first six months of the fiscal year, the deficit sits at $668.3 billion, over 61.0% lower than the deficit over the same period in the previous fiscal year. Compared to fiscal year 2021, government expenditures are down 18.0% so far this fiscal year, while receipts are up 25.0%. Contributing to the increase in government receipts is a 36.0% increase in individual income tax receipts and a 22.0% jump in corporate tax receipts.
- Total industrial production advanced 0.9% in March and rose at an annual rate of 8.1% for the first quarter. Total industrial production in March was 5.5% above its year-earlier level. Manufacturing output gained 0.9% in March, pushed higher by a 7.8% jump in the output of motor vehicles and parts, while factory output elsewhere moved up 0.4%. The index for utilities increased 0.4%, and the index for mining advanced 1.7%.

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- The national average retail price for regular gasoline was $4.091 per gallon on April 11, $0.079 per gallon less than the prior week's price but $1.242 higher than a year ago. Also as of April 11, the East Coast price decreased $0.08 to $4.00 per gallon; the Gulf Coast price fell $0.08 to $3.73 per gallon; the Midwest price slid $0.08 to $3.90 per gallon; the West Coast price decreased $0.08 to $5.14 per gallon; and the Rocky Mountain price was unchanged at $4.14 per gallon. Residential heating oil prices averaged $3.32 per gallon, about $0.11 per gallon less than the prior week's price. U.S. crude oil refinery inputs averaged 15.5 million barrels per day during the week ended April 8, which was 424,000 barrels per day less than the previous week's average. During the week ended April 8, refineries operated at 90.0% of their operable capacity. Gasoline production increased last week, averaging 9.5 million barrels per day.
- For the week ended April 9, there were 185,000 new claims for unemployment insurance, an increase of 18,000 from the previous week's level, which was revised up by 1,000. According to the Department of Labor, the advance rate for insured unemployment claims for the week ended April 2 was 1.1%, unchanged from the previous week's rate. The advance number of those receiving unemployment insurance benefits during the week ended April 2 was 1,475,000, a decrease of 48,000 from the previous week's level. States and territories with the highest insured unemployment rates for the week ended March 26 were California (2.4%), New Jersey (2.3%), Alaska (2.1%), Minnesota (2.0%), Massachusetts (1.9%), Rhode Island (1.9%), New York (1.8%), Georgia (1.7%), Illinois (1.7%), and Puerto Rico (1.7%).The largest increases in initial claims for the week ended April 2 were in Ohio (+1,509), Pennsylvania (+1,478), California (+1,082), Illinois (+509), and Florida (+466), while the largest decreases were in Michigan (-2,491), Texas (-2,487), New Jersey (-1,105), Kentucky (-1,046), and New York (-866).

Eye on the Week Ahead

This week, economic news focuses on the housing sector with the release of the housing starts report and the latest existing home sales data for March. Building permits and existing home sales fell in February but are expected to rebound in March.

Data sources: Economic: Based on data from U.S. Bureau of Labor Statistics (unemployment, inflation); U.S. Department of Commerce (GDP, corporate profits, retail sales, housing); S&P/Case-Shiller 20-City Composite Index (home prices); Institute for Supply Management (manufacturing/services). Performance: Based on data reported in WSJ Market Data Center (indexes); U.S. Treasury (Treasury yields); U.S. Energy Information Administration/Bloomberg.com Market Data (oil spot price, WTI, Cushing, OK); www.goldprice.org (spot gold/silver); Oanda/FX Street (currency exchange rates). News items are based on reports from multiple commonly available international news sources (i.e., wire services) and are independently verified when necessary with secondary sources such as government agencies, corporate press releases, or trade organizations. All information is based on sources deemed reliable, but no warranty or guarantee is made as to its accuracy or completeness. Neither the information nor any opinion expressed herein constitutes a solicitation for the purchase or sale of any securities, and should not be relied on as financial advice. Forecasts are based on current conditions, subject to change, and may not come to pass. U.S. Treasury securities are guaranteed by the federal government as to the timely payment of principal and interest. The principal value of Treasury securities and other bonds fluctuates with market conditions. Bonds are subject to inflation, interest-rate, and credit risks. As interest rates rise, bond prices typically fall. A bond sold or redeemed prior to maturity may be subject to loss. Past performance is no guarantee of future results. All investing involves risk, including the potential loss of principal, and there can be no guarantee that any investing strategy will be successful.

The Dow Jones Industrial Average (DJIA) is a price-weighted index composed of 30 widely traded blue-chip U.S. common stocks. The S&P 500 is a market-cap weighted index composed of the common stocks of 500 largest, publicly traded companies in leading industries of the U.S. economy. The NASDAQ Composite Index is a market-value weighted index of all common stocks listed on the NASDAQ stock exchange. The Russell 2000 is a market-cap weighted index composed of 2,000 U.S. small-cap common stocks. The Global Dow is an equally weighted index of 150 widely traded blue-chip common stocks worldwide. The U.S. Dollar Index is a geometrically weighted index of the value of the U.S. dollar relative to six foreign currencies. Market indexes listed are unmanaged and are not available for direct investment.

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