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INCORPORATED

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Market Week: April 4, 2022

The Markets (as of market close April 1, 2022)


MARKET WEEK

Stocks closed generally higher last week, with only the Dow failing to post a gain. As has been the case since the end of February, investors have had to weigh the impact of the Russia-Ukraine war on the economy in general and inflation in particular. Adding to the list of concerns is the Federal Reserve's monetary policy in response to surging inflationary pressures. Among the market sectors, real estate, utilities, and consumer staples were the best performers. Unlike the Dow, which slid 0.1% the Nasdaq and the Russell 2000 gained over 0.6%, while the Global Dow eked out a minimal gain. Crude oil prices fell more than \$13.00 per barrel last week as worries over fuel shortages abated somewhat. Ten-year Treasury yields slipped as bond prices rose. Gold prices and the dollar also declined.

The Dow, the S&P 500, and the Nasdaq advanced to begin last week, while the Russell 2000 and the Global Dow ended the day flat. Investors were likely monitoring potentially favorable developments ahead of the latest negotiations for an end to the war between Russia and Ukraine. A rise in tech shares helped drive the Nasdaq up 1.3%, the S&P 500 rose 0.7%, and the Dow added 0.3%. Crude oil prices dipped more than \$10.00 to \$103.28 per barrel. Ten-year Treasury yields slid slightly to 2.47%. The dollar advanced, while gold prices dropped nearly \$36.00 to \$1,918.40 per ounce.

Stocks jumped higher last Tuesday after signs of hope emerged from Russia-Ukraine peace talks. Each of the benchmark indexes listed here closed higher, led by the Russell 2000, which gained 2.7%, followed by the Nasdaq (1.8%), the Global Dow (1.4%), the S&P 500 (1.2%), and the Dow (1.0%). Yields on 10-year Treasuries dipped nearly 8.0 basis points to 2.40%. The dollar fell, while crude oil prices advanced \$1.20 to \$105.44 per barrel.

The benchmark indexes fell for the first time in five days last Wednesday as hopes faded for a resolution to the Russia-Ukraine. The Russell 2000 dropped 2.0% and the Nasdaq fell 1.2% to lead the declines. The S&P 500 dipped 0.6% and the Dow lost 0.2%. The Global Dow was flat. Ten-year Treasuries and the dollar slid marginally, while crude oil and gold prices advanced.

Stocks continued their tumble last Thursday as each of the benchmark indexes listed here ended the day in the red. The Dow, the Nasdaq, and the S&P 500 each lost 1.5%. The Russell 2000 slid 1.0% and the Global Dow dropped 1.2%. Yields on 10-year Treasuries and the dollar were relatively flat. Crude oil prices decreased to \$100.09 per barrel on news that President Biden would release up to 180 million barrels of oil from U.S. reserves.

Stocks traded higher last Friday on the heels of a strong labor report. The Russell 2000 led the surge, closing the day up 0.9%, followed by the Dow (0.4%), the S&P 500 and the Nasdaq (0.3%), and the Global Dow (0.1%). Yields on 10-year Treasuries added 5.0 basis points to reach 2.37%. Crude oil prices fell for the second consecutive day, falling \$0.76 to \$99.52 per barrel. The dollar inched higher, while gold prices slid.



Key Dates/Data Releases

4/5: International trade in goods and services, Markit Services PMI

Stock Market Indexes

Market/Index	2021 Close	Prior Week	As of 4/1	Weekly Change	YTD Change
DJIA	36,338.30	34,861.24	34,818.27	-0.12%	-4.18%
Nasdaq	15,644.97	14,169.30	14,261.50	0.65%	-8.84%
S&P 500	4,766.18	4,543.06	4,545.86	0.06%	-4.62%
Russell 2000	2,245.31	2,077.98	2,091.11	0.63%	-6.87%
Global Dow	4,137.63	4,104.98	4,110.70	0.14%	-0.65%
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%	2.49%	2.37%	-12 bps	86 bps
US Dollar-DXY	95.64	98.82	98.54	-0.28%	3.03%
Crude Oil-CL=F	\$75.44	\$113.00	\$99.52	-11.93%	31.92%
Gold-GC=F	\$1,830.30	\$1,954.10	\$1,926.70	-1.40%	5.27%

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

- The labor sector continues to expand at an accelerated pace after adding 431,000 new jobs in March. The February total was upwardly revised from 678,000 to 750,000. The unemployment rate slid 0.2 percentage point to 3.6% in March, and the number of unemployed persons decreased by 318,000 to 6.0 million. These measures are little different from their values in February 2020 (3.5% and 5.7 million, respectively), prior to the coronavirus pandemic. The labor force participation rate inched up 0.1 percentage point to 62.4%, while the employment-population ratio increased 0.2 percentage point to 60.1%. In March, 10.0% of employed persons teleworked because of the coronavirus pandemic, down from 13.0% in the prior month, while 2.5 million persons reported that they had been unable to work because their employer closed or lost business due to the pandemic, which is a decrease of 4.2 million from the February estimate. Average hourly earnings rose by \$0.13 to \$31.73 in March. Over the past 12 months, average hourly earnings have increased by 5.6%. The average work week fell by 0.1 hour to 34.6 hours in March.
- The personal consumption expenditures price index from the personal income and outlays report is the Federal Reserve's preferred measure of inflation. In February, the PCE price index rose 0.6% after advancing 0.5% in January. For the 12 months ended in February, the PCE price index rose 6.4%. Over the same period, energy prices increased 25.7%, while food prices increased 8.0%. In February, personal income and disposable personal income advanced 0.5% and 0.4%, respectively. Personal consumption expenditures inched up 0.2% in February after climbing 2.7% in January.
- The third and final estimate of the fourth-quarter gross domestic product showed the economy advanced at an annualized rate of 6.9%. GDP increased 2.3% in the third quarter. The fourth-quarter advance was attributable to increases in private inventory investment, exports, personal consumption expenditures, and nonresidential fixed investment. Imports, which are a subtraction in the calculation of GDP, increased. Consumer prices, as measured by the personal consumption expenditures price index, increased 6.4% in the fourth quarter of 2021 compared to a 5.3% increase in the third quarter.
- According to the S&P Global U.S. Manufacturing Purchasing Managers' Index™, March signaled a sharp improvement in operating conditions across the manufacturing sector. Output and new orders increased, although backlogs of work rose at a sharper pace, largely due to an increase in new sales. Nevertheless, survey respondents noted fewer supply bottlenecks, which allowed production to expand at a faster rate. However, costs continued to soar as the rate of price inflation quickened.
- According to the latest information from the Census Bureau, the trade in goods deficit for February dipped 0.9% to \$106.6 billion. Exports of goods for February were \$157.2 billion, \$1.9 billion more than January exports. Imports of goods for February were \$263.7 billion, \$0.9 billion more than January imports.
- According to the latest report from the Bureau of Labor Statistics, on the last business day of February, the number and rate of job openings were little changed at 11.3 million and 7.0%, respectively. Job openings decreased in finance and insurance (-63,000) and in nondurable goods manufacturing (-39,000). Job openings increased in arts, entertainment, and recreation (+32,000); educational services



(+26,000); and federal government (+23,000). The number of hires rose by 263,000 to 6.7 million. Total separations, quits, and layoffs and discharges were little changed in February. Over the 12 months ended in February 2022, hires totaled 77.0 million and separations totaled 70.6 million, yielding a net employment gain of 6.4 million.

- The national average retail price for regular gasoline was \$4.231 per gallon on March 28, \$0.008 per gallon less than the prior week's price but \$1.379 higher than a year ago. Also as of March 28, the East Coast price decreased \$0.04 to \$4.09 per gallon; the Gulf Coast price fell \$0.06 to \$3.88 per gallon; the Midwest price rose \$0.02 to \$4.05 per gallon; the West Coast price increased \$0.05 to \$5.27 per gallon; and the Rocky Mountain price advanced \$0.06 to \$4.17 per gallon. Residential heating oil prices averaged \$5.13 per gallon, about \$0.24 per gallon above the prior week's price and \$2.26 per gallon higher than last year's price at this time. Residential propane prices averaged \$2.98 per gallon, \$0.01 per gallon higher than the previous week's price and \$0.69 per gallon above last year's price. U.S. crude oil refinery inputs averaged 15.9 million barrels per day during the week ended March 25, which was 35,000 barrels per day more than the previous week's average. During the week ended March 25, refineries operated at 92.1% of their operable capacity. Gasoline production decreased last week, averaging 9.1 million barrels per day.
- For the week ended March 26, there were 202,000 new claims for unemployment insurance, an increase of 14,000 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 March 19 was 0.9%, a decrease of 0.1 percentage point from the previous week's rate. The advance number of those receiving unemployment insurance benefits during the week ended March 19 was 1,307,000, a decrease of 35,000 from the previous week's level, which was revised down by 8,000. This is the lowest level for insured unemployment since December 27, 1969, when it was 1,304,000. States and territories with the highest insured unemployment rates for the week ended March 12 were California (2.5%), Alaska (2.3%), New Jersey (2.3%), Rhode Island (2.2%), Massachusetts (2.1%), Minnesota (2.1%), New York (2.0%), Illinois (1.9%), Connecticut (1.7%), Montana (1.7%), and Pennsylvania (1.7%). The largest increases in initial claims for the week ended March 19 were in Florida (+956), Pennsylvania (+476), Oklahoma (+400), Tennessee (+328), and Connecticut (+161), while the largest decreases were in California (-5,831), Michigan (-4,876), Kentucky (-2,579), Kansas (-2,070), and Illinois (-2,053).

Eye on the Week Ahead

There's very little in the way of economic reports this week. The latest data on the goods and services trade balance is for February. The trade deficit in January was \$89.7 billion. Also out this week is the March Purchasing Managers' Index for the services sector. February saw sales advance at their fastest rate since August 2021.

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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