US Economy and Credit Markets

Yields and Weekly Changes:

3 Mo. T-Bill:	0.355 (4.6 bps)	Bond Buyer 40 Yield:	3.77 (9 bps)
6 Mo. T-Bill:	0.720 (9.2 bps)	Crude Oil Futures:	109.33 (-6.35)
1 Yr. T-Bill:	1.091 (10.0 bps)	Gold Spot:	1,988.46 (+17.76)
2 Yr. T-Note:	1.748 (27.2 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	1.920 (31.4 bps)	U.S. High Yield:	6.28 (35 bps)
5 Yr. T-Note:	1.946 (30.9 bps)	BB:	5.21 (33 bps)
10 Yr. T-Note:	1.992 (26.1 bps)	B:	6.68 (36 bps)
30 Yr. T-Bond:	2.350 (19.5 bps)		

Yields rose across the curve last week with the middle of the curve witnessing the most dramatic jumps. The Russian military continued its march towards Kyiv with neither side offering concessions during peace talks. Fears of exacerbated supply chains, energy supply shocks, and the fallout of sanctions mount as the war persists sending U.S. inflation breakevens higher with yields. Commodity prices also rattled markets last week. Oil closed 14% lower from intraweek highs while nickel and uranium prices skyrocketed. Persistent inflation and the rally in commodity prices drove U.S. consumer sentiment to 10-year lows increasing stagflation concerns. Next week, all eyes will be on the Federal Reserve committee who will meet Wednesday and are likely to raise the Federal Funds rate 25bps. The market will scrutinize Chairman Powell's comments on inflation expectations, consumer strength, and the remaining rate hike path for 2022. The futures market is pricing in nearly seven rate hikes this year, up from three at the end of 2021. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Tuesday: March Empire Manufacturing (7.0, 3.1), February PPI Final Demand MoM (0.9%, 1.0%); Wednesday: March 16 FOMC Rate Decision (Upper Bound) (0.50%, 0.25%), March 11 MBA Mortgage Applications (N/A, 8.5%), February Retail Sales Advance MoM (0.4%, 3.8%); Thursday: March 12 Initial Jobless Claims (221k, 227k), February Housing Starts (1700k, 1638k), February Industrial Production MoM (0.5%, 1.4%); Friday: February Existing Home Sales (6.14m, 6.50m), February Leading Index (0.3%, -0.3%).

US Equities

Weekly Index Performance:		Market Indicators:	
DJIA:	32,944.19 (-1.91%)	Strong Sectors:	Energy, Utilities, Materials
S&P 500:	4,204.31 (-2.84%)		
S&P Midcap:	2,570.76 (-1.67%)	Weak Sectors:	Comm. Services, Info. Tech., Cons. Staples
S&P Smallcap:	1,284.70 (-1.08%)		
NASDAQ Comp:	12,843.81 (-3.51%)	NYSE Advance/Decline:	1,600 / 1,963
Russell 2000:	1,979.67 (-1.03%)	NYSE New Highs/New Lows:	230 / 459
		AAII Bulls/Bears:	24.0% / 45.8%

Equities fell last week for the 7th time in 2022. The S&P 500 index returned -2.84% as geopolitical risks continued to weigh on equity returns. Last week, inflation fears gripped markets after the CPI was announced 7.9% higher than last February, the highest in over 40 years. Energy prices skyrocketed as the Russian war in Ukraine pushed the odds of a supply shock higher. Oil peaked on Tuesday at $123.70 per barrel for WTI after the U.S. decided to ban imports of Russian oil. Natural gas closed the week at $4.773 per mmbtu, the highest price in the month of March since 2008, which was prior to the shale revolution. Energy was the top performing sector in the S&P 500 as oil servicing companies **Baker Hughes Co.**, **Schlumberger LTD** and **Halliburton Co.** were 3 of the 5 top performing names in the S&P 500 last week. Inflation worries also pushed the 10-year Treasury yield back over 2% which weighed on growth stocks as the S&P 500 Growth index returned -3.28% last week. This pushed the S&P 500 Growth index to a -17.18% return year to date compared to the S&P 500 Value index which is only down -5.24% in 2022. There were some individual technology names that announced fantastic quarterly results. **MongoDB Inc.** rallied 18.58% Wednesday after announcing revenue for the quarter beat expectations by 10% and year over year grew 56%. **CrowdStrike** also beat revenue expectations and boosted their revenue guidance ahead of expectations after they announced expectations 47-49% growth in the year to come, shares rallied 12.50% Thursday as a result. Looking ahead to next week, geopolitical headline risk will likely move markets. We continue to be constructive on U.S. equities and view this correction as an opportunity to leg into stocks at attractive prices despite the macro risks. We continue to favor smaller cap quality names as attractive places in the market.