

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.520 (15.5 bps)	Bond Buyer 40 Yield:	3.89 (9 bps)
6 Mo. T-Bill:	0.973 (19.4 bps)	Crude Oil Futures:	113.90 (+9.20)
1 Yr. T-Bill:	1.629 (45.3 bps)	Gold Spot:	1,958.29 (+36.67)
2 Yr. T-Note:	2.270 (33.3 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	2.504 (36.6 bps)	U.S. High Yield:	6.34 (13 bps)
5 Yr. T-Note:	2.546 (40.3 bps)	BB:	5.25 (15 bps)
10 Yr. T-Note:	2.473 (32.4 bps)	B:	6.77 (11 bps)
30 Yr. T-Bond:	2.585 (16.4 bps)		

U.S. Treasury bond yields rose substantially across the yield curve last week. Early in the week, Federal Reserve Chairman Powell indicated the Fed is open to increasing the federal-funds rate by 50 basis point increments and surpassing the estimated policy neutral rate set by the Fed, if necessary to tamp down inflation. After the perceived hawkish commentary by Chairman Powell, the money markets priced in roughly a 70% chance of a 50-basis point increase the federal-funds rate in the May meeting. This caused a sharp decrease in Treasury bond prices, pushing Treasury yields up. Notably, two-year and ten-year Treasury yields reached their highest levels since 2019, while the five- and thirty-year yield curve contracted near inversion. Broadly, Treasuries are on pace for the worst quarterly losses since 1973, according to Bloomberg. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Monday: February Preliminary Wholesale Inventories MoM (1.1%, 0.8%); Tuesday: March Conf. Board Consumer Confidence (107.0, 110.5); Wednesday: March 25 MBA Mortgage Applications (N/A, -8.1%), March ADP Employment Change (450k, 475k), 4Q Third GDP Annualized (7.0%, 77.0), 4Q Third Personal Consumption (3.1%, 3.1%), 4Q Third GDP Price Index (7.1%, 7.1%), 4Q Third Core PCE QoQ (5.0%, 5.0%); Thursday: February Personal Income (0.5%, 0.0%), February Personal Spending (0.5%, 2.1%), March 26 Initial Jobless Claims (200k, 187k), March 19 Continuing Claims (1350k, 1350k), March MNI Chicago PMI (57.0, 56.3); Friday: March Change in Nonfarm Payrolls (485k, 678k), March Change in Manufacturing Payrolls (485k, 678k), March Unemployment Rate (3.7%, 3.8%), March Final S&P Global US Manufacturing PMI (58.5, 58.5), March ISM Manufacturing (58.5, 58.6).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	34,861.24 (0.31%)	Strong Sectors:	Energy, Materials, Utilities
S&P 500:	4,543.06 (1.81%)	Weak Sectors:	Health Care, Real Estate, Consumer Discretionary
S&P Midcap:	2,712.43 (0.25%)	NYSE Advance/Decline:	1,773 / 1,787
S&P Smallcap:	1,331.02 (-0.56%)	NYSE New Highs/New Lows:	259 / 308
NASDAQ Comp:	14,169.30 (1.99%)	AAll Bulls/Bears:	32.8% / 35.4%
Russell 2000:	2,077.98 (-0.38%)		

The S&P 500 Index returned 1.81% last week marking a second straight week of gains and is currently showing March in positive territory with a 3.98% return. The index has gained 9.02% since hitting its 2022 closing low on March 8, though it is still down -4.35% for the year. The energy sector once again was the best performing sector of the week returning 7.42% as crude oil closed at \$113.90 per barrel on Friday, rising 8.79% for the week and is now up 51.44% YTD. The ban on Russian oil, liquefied natural gas, and coal imports by the U.S. and other countries over the war in Ukraine has impacted global energy markets. Though crude oil prices had gained over 20% prior to the Russian invasion, prices are up a similar amount since the February 24<sup>th</sup> invasion, boosting energy stocks and helping the sector post a 43.63% YTD return. Energy stock **Coterra Energy Inc.** posted the best performance in the S&P 500 Index last week, returning 16.34%. Other top performing energy names last week included **Marathon Oil Corp**, **Hess Corp**, **Diamondback Energy Inc.**, **Schlumberger NV**, **Kinder Morgan Inc.**, and **Baker Hughes Company**, all gaining over 9.50%. The materials sector also showed strength last week gaining 4.12%, with steel producer **Nucor Corp** posting a 15.76% return. The war in Ukraine has pushed steel prices up, benefitting the already profitable company. Other strong performing materials companies included **CF Industries Holdings Inc.** and **The Mosaic Company**, returning 14.98% and 14.92% respectively last week. The fertilizer companies have seen their stocks jump dramatically since the invasion as Russia and Belarus produce a significant amount of the global supply of potash which is used in the production of fertilizer. **Lennar Corp**, **PulteGroup Inc.**, **D.R. Horton Inc.**, and **NVR Inc.** were some of the poor performing homebuilders last week as new home sales declined in February more than expected while mortgage rates continue to rise. Earnings announcements expected this week include **Micron Technology Inc.**, **Paychex Inc.**, **Walgreens Boots Alliance Inc.**, **McCormick & Company Inc.**, **PVH Corp**, among others.

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