

March 2022 Market Watch

U.S. markets made a comeback in March despite war, inflation and rising interest rates remaining the primary concerns. The S&P 500 closed +3.6% while the NASDAQ closed +3.4%; though both still in negative territory YTD (-4.9%, -9.1% respectively). Domestically, the U.S. Federal Reserve made a long-awaited move to raise rates +0.25% with further hikes to come (seven hikes this year, and four next year). The hikes came as February's CPI report showed a 12-month rise of 7.9%, the fastest pace for inflation since 1982. March consumer sentiment hits new post-2011 low at 59.4 (below consensus of 59.7 and Feb reading of 62.8) citing inflation as the driver. Internationally, Russia's invasion of Ukraine continued with hopes of peace talks by the end of the month as energy and commodity prices continued to climb to extreme levels, exacerbating the surge in inflation, supply chain disruption, and the global growth risks. Although COVID headlines have taken a backseat, cases surged again in March in several European countries with new variants to be cautious of.

The focus will continue to be on resolution of the Russian-Ukrainian conflict, energy and commodity prices, inflationary policy, and global economic growth. First quarter earnings seasons will begin mid-April.

	Date	1 Week Ago		1 Month Ago		YTD	1 Year Ago	
	3/31/22	3/24/22	% chg*	2/28/22	% chg*	% chg*	3/31/21	% chg*
DJIA	34,678.4	34,707.9	-0.1%	33,892.6	2.3%	-4.6%	30,932.4	12.1%
S&P 500	4,530.4	4,520.2	0.2%	4,373.9	3.6%	-4.9%	3,811.2	18.9%
NYSE Comp Index	16,670.9	16,701.8	-0.2%	16,313.9	2.2%	-2.9%	15,010.5	11.1%
NASDAQ Composite	14,220.5	14,191.8	0.2%	13,751.4	3.4%	-9.1%	13,192.3	7.8%
Russell 2000	2,070.1	2,075.4	-0.3%	2,048.1	1.1%	-7.8%	2,201.1	-5.9%
MSCI EM (Emerging Markets)	1,141.8	1,136.9	0.4%	1,171.3	-2.5%	-7.3%	1,339.3	-14.7%
MSCI EAFE	2,181.6	2,162.5	0.9%	2,179.1	0.1%	-6.6%	2,168.9	0.6%
Japan Nikkei 225	27,821.4	28,110.4	-1.0%	26,526.8	4.9%	-3.4%	28,966.0	-4.0%
FTSE 100	7,515.7	7,467.4	0.6%	7,458.3	0.8%	2.9%	6,483.4	15.9%
SSE Comp Index	3,252.2	3,250.3	0.1%	3,462.3	-6.1%	-10.6%	3,509.1	-7.3%

US Equity Sector Performance

	March	YTD	1 Yr Ret.
Consumer Discretionary	4.9%	-9.0%	13.8%
Consumer Staples	1.8%	-1.0%	25.6%
Energy	9.0%	39.0%	68.9%
Financials	-0.2%	-1.5%	21.4%
Health Care	5.6%	-2.6%	23.8%
Industrials	3.4%	-2.4%	15.6%
Information Tech	3.5%	-8.4%	22.9%
Materials	6.1%	-2.4%	22.6%
Communication Services	1.0%	-11.9%	2.2%
Utilities	10.4%	4.8%	32.5%
Real Estate	8.2%	-5.9%	34.8%

US Equity Style Performance

	March	YTD	1 Yr Ret.
Dow Jones Utilities	10.5%	6.2%	31.0%
DJ TRANS Avg.	6.7%	-0.8%	12.6%
Russell 1000 Value	2.8%	-0.7%	18.2%
Russell 1000 Growth	3.9%	-9.0%	17.0%
Russell 2000 Value	2.0%	-2.4%	8.7%
Russell 2000 Growth	0.5%	-12.6%	-17.0%

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U.S. equity sectors closed mostly higher led by Utilities +10.4%, Energy +9.0%, and Real Estate +8.2%. Financials was slightly lower -0.2%.

Developed International Equities (MSCI EAFE) was flat +0.1% while Emerging Market (MSCI EM) closed the month lower -2.5% as the Russian-Ukrainian conflict continued to create uncertainty globally. Russia attacked areas like Kyiv, despite peace talks occurring late in the month. Europe is a huge importer of oil and natural gas from Russia, hence highly susceptible to impacts of the current conflict. Eurozone inflation accelerated sharply again in March to 7.5% YoY (from 5.1% in Feb) due to energy inflation. Slower rate hikes will be likely for the region, although 50% of global central banks have hiked rates in the last quarter.

The U.S. yield curve flattened - the gap between short and long-term yields narrowed – driven by economic growth and stagflation concerns. At the end of the month, the 2Y/10Y inverted for the first time since 2019, where longer yields fall below short-term yields; and the 5Y/30Y inverted for the first time since 2006. The 2-Yr note closed higher at 2.29%, 10-Yr to 2.32%, and the 30-Yr to 2.45%.

The Bloomberg Commodity Index rallied again and closed +8.6% along with WTI crude oil +4.8%. As a result of the Ukrainian conflict, WTI moved above \$100/barrel and Brent above \$110/barrel despite a U.S. ban on Russian energy imports and a record-setting U.S. crude reserve release. Gold closed up +2.8%.

Bond Markets (%)

	3/31/22	1 Mth Ago	1 Yr Ago
US Benchmark Bond – 3 Mth	0.52	0.31	0.04
US Benchmark Bond – 6 Mth	1.00	0.66	0.06
US Benchmark Bond – 2 Yr	2.29	1.43	0.14
US Benchmark Bond – 5 Yr	2.42	1.71	0.78
US Benchmark Bond – 10 Yr	2.32	1.84	1.46
US Benchmark Bond – 30 Yr	2.45	2.19	2.19

US Bond Sector Performance

	March	YTD	1 Yr Ret.
Bloomberg Barclays U.S. Govt. Intrm. TR	-2.51%	-4.19%	-4.16%

Exchange Rates (per US dollar)

	3/31/22	1 Mth Ago	1 Yr Ago
Canadian Dollar	1.249	1.268	1.266
Mexican Peso	19.942	20.433	20.911
Euro	0.899	0.890	0.824
British Pound	0.760	0.745	0.715
Swiss Franc	0.920	0.917	0.905
Chinese Yuan	6.343	6.311	6.460
Indian Rupee	75.775	75.348	73.485
Japanese Yen	121.375	115.175	106.540

Commodities (In US dollars)

	3/31/22	1 Mth Ago	1 Yr Ago
Gold	1,954.00	1,900.70	1,728.80
Crude Oil	100.28	95.72	61.50
US Dollar Index	98.36	96.69	90.88
Bloomberg Commodity Index	124.41	114.55	85.28

Interest Rates (%)

	3/31/22	1 Mth Ago	1 Yr Ago
Prime Rate	3.50	3.25	3.25
Federal Funds Rate	0.34	0.09	0.07
Libor Rate 30 Day	0.45	0.24	0.12
Libor Rate 3 Months	0.96	0.50	0.19
30yr Fixed Mortgage	4.67	3.76	2.97

Economic Sentiment

	3/31/22	1 Yr Ago
Unemployment Rate	3.60%	6.20%
Average Single Family Home	374,400	345,300
Capacity Utilization	77.60%	72.68%

*Performance for world indices represents price returns (excluding dividends) for the DJIA, S&P 500, NASDAQ, Russell 2000, MSCI EM, MSCI EAFE, NYSE, SSE, and Nikkei, due to data availability.

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