

# May 2022 Market Watch

U.S. markets trended lower in the beginning of the month, but rebounded and closed with little change by the end of May. The S&P 500 closed +0.01% while the Dow closed +0.04%. This month's highlights remained mostly the same: inflation, central bank policies, Ukraine-Russia war, new cases of monkeypox, and China's lockdowns. The markets continued to figure out "peak inflation" while the U.S. Fed emphasized its goals to bring inflation down while reevaluating future rate hikes. As the market expected, the Fed raised rates by 50 basis point (+0.50%) in May.

Consumer sentiment was still down and economic data sent mixed messages with April CPI up +0.3% month on month, April's ISM manufacturing numbers showed a slight pullback in prices paid, but oil prices remained pressured. As first quarter earnings season ended, companies echoed a common theme – that inflationary pressure from supply chain and labor market challenges were the biggest headwinds. Although 77% of S&P companies beat EPS expectations, many companies issued negative EPS guidance for Q2.

The focus continues to be on global inflationary policies, the Russian-Ukrainian war, China's zero Covid policy, and global supply chain and labor market challenges.

	Date	1 Week Ago		1 Month Ago		YTD	1 Year Ago	
	5/31/22	5/24/22	% chg*	4/30/22	% chg*	% chg*	5/31/21	% chg*
<b>DJIA</b>	32,990.1	31,928.6	3.3%	32,977.2	0.0%	-9.2%	34,529.5	-4.5%
<b>S&amp;P 500</b>	4,132.2	3,941.5	4.8%	4,131.9	0.0%	-13.3%	4,204.1	-1.7%
<b>NYSE Comp Index</b>	15,827.0	15,290.4	3.5%	15,615.3	1.4%	-7.8%	16,555.7	-4.4%
<b>NASDAQ Composite</b>	12,081.4	11,264.4	7.3%	12,334.6	-2.1%	-22.8%	13,748.7	-12.1%
<b>Russell 2000</b>	1,864.0	1,764.8	5.6%	1,864.1	0.0%	-17.0%	2,269.0	-17.8%
<b>MSCI EM (Emerging Markets)</b>	1,077.7	1,017.0	6.0%	1,076.2	0.1%	-12.5%	1,360.8	-20.8%
<b>MSCI EAFE</b>	2,037.9	1,995.7	2.1%	2,033.7	0.2%	-12.8%	2,341.4	-13.0%
<b>Japan Nikkei 225</b>	27,279.8	26,748.1	2.0%	26,847.9	1.6%	-5.3%	28,860.1	-5.5%
<b>FTSE 100</b>	7,607.7	7,484.4	1.6%	7,544.6	0.8%	4.8%	7,022.6	8.3%
<b>SSE Comp Index</b>	3,186.4	3,070.9	3.8%	3,047.1	4.6%	-12.5%	3,615.5	-11.9%

## US Equity Sector Performance

	May	YTD	1 Yr Ret.
<b>Consumer Discretionary</b>	-4.9%	-24.7%	-11.8%
<b>Consumer Staples</b>	-4.6%	-3.2%	9.2%
<b>Energy</b>	15.8%	58.5%	76.0%
<b>Financials</b>	2.7%	-8.8%	-4.9%
<b>Health Care</b>	1.4%	-5.8%	8.7%
<b>Industrials</b>	-0.5%	-10.1%	-8.6%
<b>Information Tech</b>	-0.9%	-19.4%	2.0%
<b>Materials</b>	1.1%	-4.7%	0.3%
<b>Communication Services</b>	1.8%	-24.3%	-21.0%
<b>Utilities</b>	4.3%	4.7%	17.7%
<b>Real Estate</b>	-5.2%	-13.8%	5.5%

## US Equity Style Performance

	May	YTD	1 Yr Ret.
<b>Dow Jones Utilities</b>	2.3%	4.3%	14.0%
<b>DJ TRANS Avg.</b>	-3.5%	-12.6%	-8.1%
<b>Russell 1000 Value</b>	1.9%	-4.5%	0.9%
<b>Russell 1000 Growth</b>	-2.3%	-21.9%	-6.3%
<b>Russell 2000 Value</b>	1.9%	-8.2%	-7.7%
<b>Russell 2000 Growth</b>	-1.9%	-24.8%	-25.7%

**ROCKLAND**  
**TRUST**

Investment  
Management Group

U.S. equity sectors closed mixed led by an Energy rally +15.8%. Utilities gained +4.3% and Financials finally rebounded +2.7% after three months of losses. Real Estate -5.2% led losses, followed by Consumer Discretionary -4.9%, and Consumer Staples -4.6% as consumers slowed spending due to higher prices.

Both Developed International Equities (MSCI EAFE) +0.2% and Emerging Market (MSCI EM) +0.1% closed flat. China continued zero Covid policies that led to lockdowns in Shanghai, which were a big focus in May as concerns of supply chain issues persisted. However, with Covid cases dwindling, there is more optimism for June 1<sup>st</sup> reopening overseas. The Ukraine-Russia war saw little resolution as EU faces oil and gas supply challenges. The EU Central Bank (ECB) increasing rates may be imminent with already high inflation at 8% YoY. Both Finland and Sweden said they would apply for membership into NATO after almost 200 years of military neutrality.

The U.S. yield curve continued to widen from the previous month. The 2-Yr note fell to 2.54%, 10-Yr to 2.84% (after reaching 3.21% this month; its first time above 3% since Dec 2018), and the 30-Yr to 3.05%.

The Bloomberg Commodity Index ended the month positive again +1.4%. WTI crude oil closed +9.5% and stayed above \$110/barrel while Brent hit \$125/barrel, as the EU moved toward a partial ban on Russian oil imports. Gold closed -3.6%.

## Bond Markets (%)

	5/31/22	1 Mth Ago	1 Yr Ago
US Benchmark Bond – 3 Mth	1.05	0.84	0.01
US Benchmark Bond – 6 Mth	1.54	1.37	0.03
US Benchmark Bond – 2 Yr	2.54	2.69	0.14
US Benchmark Bond – 5 Yr	2.81	2.91	0.79
US Benchmark Bond – 10 Yr	2.84	2.89	1.58
US Benchmark Bond – 30 Yr	3.05	2.94	2.26

## US Bond Sector Performance

	May	YTD	1 Yr Ret.
Bloomberg Barclays U.S. Govt. Intrm. TR	0.68%	-5.07%	-5.70%

## Exchange Rates (per US dollar)

	5/31/22	1 Mth Ago	1 Yr Ago
Canadian Dollar	1.265	1.278	1.208
Mexican Peso	19.713	20.409	19.908
Euro	0.933	0.948	0.818
British Pound	0.793	0.796	0.703
Swiss Franc	0.959	0.971	0.899
Chinese Yuan	6.657	6.587	6.361
Indian Rupee	77.636	76.443	72.623
Japanese Yen	128.645	129.560	109.395

## Commodities (In US dollars)

	5/31/22	1 Mth Ago	1 Yr Ago
Gold	1,842.70	1,911.70	1,905.30
Crude Oil	114.67	104.69	66.32
US Dollar Index	101.77	102.96	89.99
Bloomberg Commodity Index	131.34	129.48	92.83

## Interest Rates (%)

	5/31/22	1 Mth Ago	1 Yr Ago
Prime Rate	4.00	3.50	3.25
Federal Funds Rate	0.84	0.34	0.06
Labor Rate 30 Day	1.12	0.80	0.09
Labor Rate 3 Months	1.61	1.33	0.13
30yr Fixed Mortgage	5.09	5.10	2.95

## Economic Sentiment

	5/31/22	1 Yr Ago
Unemployment Rate	3.60%	5.80%
Average Single Family Home	401,600	375,900
Capacity Utilization	79.00%	75.28%

\*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.

# ROCKLAND TRUST

Investment  
Management Group

**Not Insured by FDIC or Any Other Government Agency / Not Rockland Trust Guaranteed  
Not Rockland Trust Deposits or Obligations / May Lose Value**

Investments in stocks, bonds, mutual funds, and other securities are not bank deposits or obligations, are not guaranteed by any bank, and are not insured or guaranteed by the FDIC (Federal Deposit Insurance Corp.), the Federal Reserve Board, or any other government agency. Investments in stocks, bonds, and mutual funds involve risks, including possible loss of principal.