

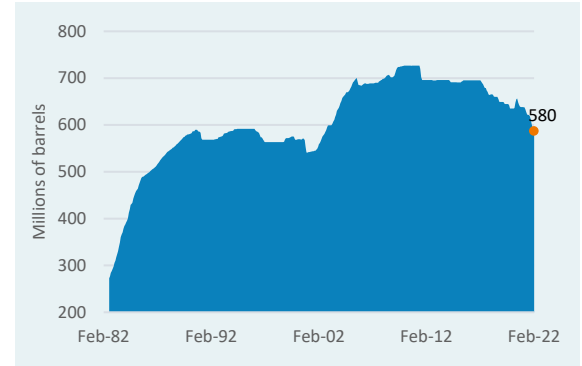
# Capital Markets Snapshot

February 21<sup>st</sup> to March 4<sup>th</sup>, 2022

## U.S. Economy

- The Biden administration stated it is preparing to release 30 million barrels of oil from the Strategic Petroleum Reserve. Thirty other countries will release a total of 30 million barrels. In 2020, the United States used 18.2 million barrels per day, per the EIA.
- Unemployment dipped from 4.0% to 3.8% in February as labor force participation improved slightly. Average hourly earnings were flat for the month, which resulted in year-over-year growth in average hourly earnings falling to 5.1% (exp. 5.8%).
- Fed Chairman Powell signaled that a 25 bp hike to the fed funds range is likely in March, but that larger hikes could be made later.

## STRATEGIC PETROLEUM RESERVE INVENTORY



Source: U.S. Department of Energy, as of 2/25/22

## U.S. Markets

- Ten-year real yields fell 46 bps to -0.97% as risk-off sentiment drove investors into nominal Treasury bonds, and concerns over embargoes being imposed on Russia stoked inflation expectations.
- The S&P 500 Index fell just 0.4%, extending year-to-date losses to -8.9%. Small-cap equities (Russell 2000) fell by the same amount and are lagging the major large-cap gauge by 1.8% so far this year.
- Large-cap stocks in the energy and utilities sectors gained 10.8% and 7.0%. Small-caps in those sectors advanced 17.6% and 7.6%.
- The Cboe VIX Index measuring the 30-day forward implied volatility of the S&P 500 Index, rose to 32.0, a 13-month high.

## TEN-YEAR REAL YIELD

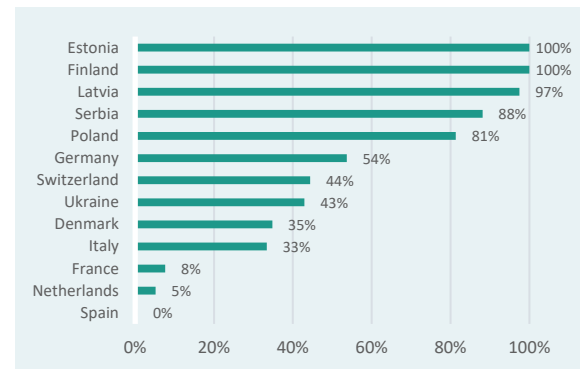


Source: Bloomberg, as of 3/4/22

## International Economy

- Russian forces invaded Ukraine, but they have failed to accomplish most of their major objectives so far. Western allies responded by levying a wide range of hard-hitting economic sanctions on Russia.
- Major central banks officially sanctioned Russia's Central Bank, freezing about half of its roughly \$630 billion in reserve assets, and forcing it to hike rates and institute capital controls to protect the ruble, which has depreciated from 75 to 120 per dollar this year.
- Producer prices rose 30.6% YoY in the Eurozone this January, driven by energy prices (+85.6%). Countries in the bloc appear split on whether to consider a Russian oil and gas embargo.

## SHARE OF 2021 GAS IMPORTS FROM RUSSIA

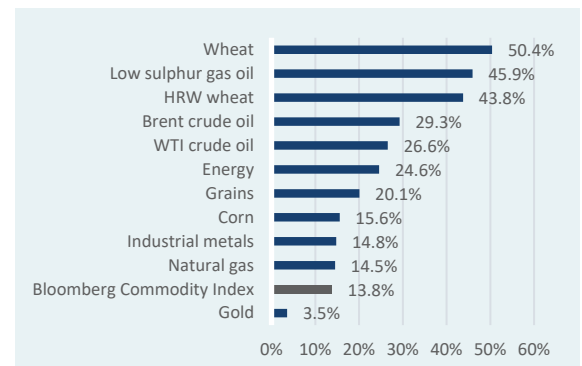


Source: Bruegel, based on Entso-G and Eurostat, as of 2/28/22

## International Markets

- Oil and natural gas prices surged as investors weighed the impact of Russian sanctions and a war in Ukraine on the supply outlook. Brent crude oil prices rose from \$93.54/barrel to \$118.11/barrel.
- Wheat prices soared about 50% to their highest level since 2008 on fears that a war will threaten global food supplies. Russia and Ukraine account for around 30% of global wheat exports.
- International developed equities (MSCI EAFE -8.8%) led the decline in global equities. EM equities fell 7.0% in US dollar terms.
- Hard-currency emerging market debt (JPM EMBI) declined -7.1%.
- The Bloomberg Dollar Spot Index advanced +1.7%.

## COMMODITIES – TWO-WEEK TOTAL RETURNS



Source: Bloomberg, as of 3/4/22

# Capital Markets Snapshot

## MARKET PERFORMANCE

### Equities

	Last Two Weeks 2/21/2022 - 3/4/2022		February		QTD		YTD	
	Return	Std Dev	Return	Std Dev	Return	Std Dev	Return	Std Dev
S&P 500 TR USD	-0.40	24.16	-2.99	22.55	-8.94	20.40	-8.94	20.40
Russell 2000 TR USD	-0.36	31.67	1.07	26.05	-10.74	27.13	-10.74	27.13
MSCI ACWI NR USD	-3.35	20.87	-2.58	18.77	-9.83	16.82	-9.83	16.82
MSCI EAFE NR USD	-8.83	34.15	-1.77	24.81	-12.66	22.21	-12.66	22.21
MSCI EM NR USD	-7.02	28.39	-2.99	22.22	-6.95	19.07	-6.95	19.07

### Fixed Income

Bloomberg US Treasury US TIPS TR USD	3.14	11.17	0.85	9.38	-0.49	8.29	-0.49	8.29
Bloomberg US Treasury TR USD	0.85	10.42	-0.66	6.90	-2.21	7.08	-2.21	7.08
Bloomberg Long Term US Treasury TR USD	1.60	26.30	-1.46	16.07	-5.09	18.01	-5.09	18.01
Bloomberg US Agg Bond TR USD	0.61	9.58	-1.12	6.43	-3.09	6.47	-3.09	6.47
Bloomberg US Credit TR USD	0.28	10.95	-1.89	7.65	-5.14	7.47	-5.14	7.47
Bloomberg High Yield Corporate TR USD	0.21	5.08	-1.03	5.84	-4.07	4.59	-4.07	4.59
JPM EMBI Global Diversified TR USD	-7.11	21.89	-6.55	15.62	-11.20	11.62	-11.20	11.62

### Other

Bloomberg Commodity TR USD	13.81	30.22	6.23	17.42	28.15	18.89	28.15	18.89
Wilshire US REIT TR USD	2.69	26.10	-3.34	22.23	-8.04	19.98	-8.04	19.98
MSCI Currency Factor Mix ER USD	-0.16	2.64	-0.25	2.07	0.55	2.42	0.55	2.42

Source: Morningstar, data as of last available market close,  
Top/bottom two highlighted.

## ECONOMIC DATA - RELEASED

Date	Country	Event	Freq	Period	Surv(M)	Actual	Surprise
02/21/22	EC	Markit Eurozone Services PMI	M	Feb P	52.1	55.8	3.7
02/22/22	GE	IFO Business Climate	M	Feb	96.5	98.9	4.2
02/22/22	US	S&P CoreLogic CS 20-City YoY NSA	M	Dec	18.1%	18.6%	1.2
02/22/22	US	Markit US Services PMI	M	Feb	53.0	56.5	4.2
02/22/22	US	Conf. Board Consumer Confidence	M	Feb	110.0	110.5	0.3
02/25/22	US	Personal Income	M	Jan	-0.3%	0.0%	0.8
02/25/22	US	Personal Spending	M	Jan	1.6%	2.1%	1.0
02/25/22	US	PCE Core Deflator YoY	M	Jan	5.2%	5.2%	0.2
02/28/22	CH	Caixin China PMI Mfg	M	Feb	49.1	50.4	2.8
03/01/22	US	Wards Total Vehicle Sales	M	Feb	14.40m	14.07m	-0.9
03/02/22	CA	Bank of Canada Rate Decision	D	2-Mar	0.50%	0.50%	--
03/03/22	US	ISM Services Index	M	Feb	61.1	56.5	-4.7
03/04/22	US	Change in Nonfarm Payrolls	M	Feb	423k	678k	2.3
03/04/22	US	Unemployment Rate	M	Feb	3.9%	3.8%	-1.3
03/04/22	US	Labor Force Participation Rate	M	Feb	62.2%	62.3%	1.6

## ECONOMIC DATA - NEXT TWO WEEKS

Date	Country	Event	Freq	Period	Prior	Surv(M)	Std Dev
03/06/22	CH	Exports YTD YoY	M	Feb	60.6%	14.0%	4.0
03/07/22	US	Consumer Credit	M	Jan	\$18.898b	\$24.500b	4.0
03/07/22	JN	Eco Watchers Survey Current SA	M	Feb	37.9	38.0	5.7
03/08/22	US	NFIB Small Business Optimism	M	Feb	97.1	97.4	0.6
03/08/22	US	Trade Balance	M	Jan	-\$80.7b	-\$87.3b	2.3
03/10/22	US	CPI MoM	M	Feb	0.6%	0.8%	0.1
03/10/22	US	CPI YoY	M	Feb	7.5%	7.9%	0.1
03/10/22	US	CPI Ex Food and Energy YoY	M	Feb	6.0%	6.4%	0.1
03/11/22	US	U. of Mich. Sentiment	M	Mar P	62.8	61.0	1.5
03/14/22	RU	Exports	M	Jan	57.4b	46.9b	5.2
03/14/22	CH	Retail Sales YTD YoY	M	Feb	12.5%	3.0%	3.0
03/15/22	GE	ZEW Survey Current Situation	M	Mar	-8.1	--	--
03/15/22	US	PPI Final Demand YoY	M	Feb	9.7%	10.0%	0.4
03/16/22	US	Retail Sales Advance MoM	M	Feb	3.8%	0.5%	0.3
03/16/22	US	FOMC Rate Decision (Upper Bound)	D	16-Mar	0.25%	0.50%	0.0

Source: Bloomberg



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