

Capital Markets Snapshot

March 7th to March 18th, 2022

U.S. Economy

- Consumer price inflation accelerated to 7.9% year-over-year in February, the highest level since January 1982. Gas, groceries and shelter were the biggest contributors to price increases, and auto prices eased. Real hourly earnings growth fell to -2.6% YoY.
- Revolving credit outstanding, which includes credit cards, fell \$219 million in January, the first decline since April 2021, as households paid down credit card balances which swelled during the holiday-shopping season. Non-revolving credit rose \$7.1B.
- Gas prices are up about \$1 per gallon over the year-to-date, and that pain at the pump will disproportionately hurt lower earners.

U.S. AVERAGE UNLEADED GAS PRICES

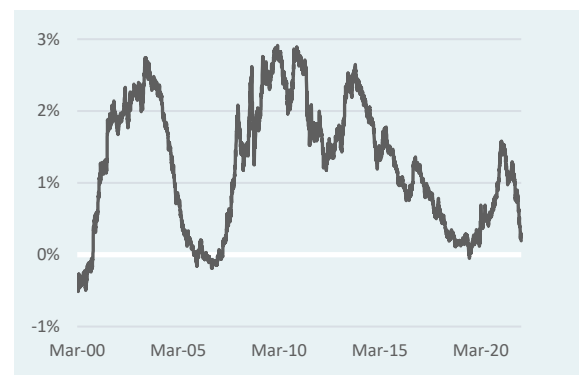


Source: American Automobile Association, as of 3/18/22

U.S. Markets

- U.S. equities staged a relief rally over the last two weeks, led by small-cap equities (Russell 2000 +4.3%) and large-cap tech (NASDAQ 100 +4.2%). Momentum (+5.6%), small (+4.1%) and quality (+3.7%) were the top-performing long-only factors.
- The Federal Open Market Committee bumped up the fed funds range by 25 bps to 0.25-0.50% and signaled six more hikes by year-end. The Fed also cut its 2022 GDP growth forecast by 1.2% to 2.8% and increased its inflation estimate from 2.6% to 4.3%.
- The 10-2 spread narrowed to just 0.19%, sparking fears of inversion, which has been a reliable recession predictor.

10Y TREASURY YIELD MINUS 2Y YIELD

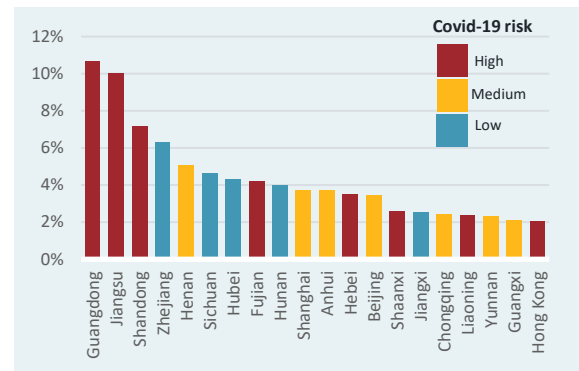


Source: Bloomberg, as of 3/18/22

International Economy

- Russian forces made limited territorial gains in Ukraine and faced continued challenges from Ukrainian anti-aircraft defense systems, low morale, slowing momentum, and logistical issues.
- Chinese retail sales and industrial production grew 6.7% and 7.5% YoY in February. Many analysts viewed the data as influencing the PBOC's decision not to cut rates, but also saw an increase in unemployment as a signal that more support could come later.
- The breakout of the BA.2 Covid-19 subvariant helped push case growth back to records in China, where officials shut down Shenzhen, home to the world's fourth largest port, for a week.

GDP CONTRIBUTION PER CHINESE PROVINCE

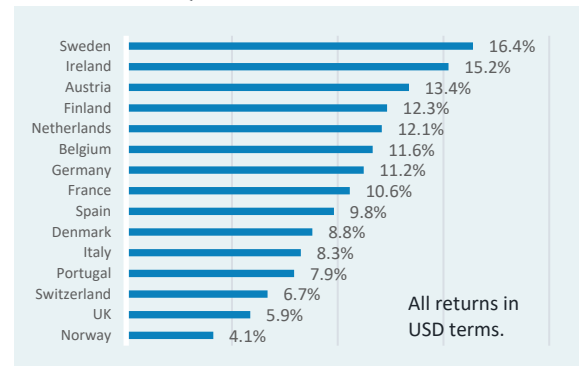


Source: BI, NBS, Health Commission of Guangdong Province, as of 3/16/22

International Markets

- European equities (MSCI Europe +9.1%) outperformed the global benchmark (MSCI ACWI +3.4%) as countries including Germany (MSCI Germany +11.2%) delivered near-complete recoveries from Ukraine-related selloffs. EM equities (-1.8%) underperformed.
- Chinese equities (-4.6%) oscillated wildly as investors weighed the regulatory and policy environments, the China-Russia relationship, and Covid-related shutdowns. President Xi pledged, for the first time, to reduce the economic impact of Covid-fighting measures.
- The Bloomberg German Treasuries Index fell -2.5% as yields retraced flight-to-quality-driven declines earlier in the month.

EUROPEAN EQUITIES – TWO-WEEK RETURNS



Source: Bloomberg, MSCI, as of 3/18/22



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MARKET PERFORMANCE

Equities

	Last Two Weeks 3/7/2022 - 3/18/2022		MTD		QTD		YTD	
	Return	Std Dev	Return	Std Dev	Return	Std Dev	Return	Std Dev
S&P 500 TR USD	3.17	28.84	2.13	26.84	-6.05	22.17	-6.05	22.17
Russell 2000 TR USD	4.34	30.80	1.97	30.97	-6.86	27.88	-6.86	27.88
MSCI ACWI NR USD	3.36	28.08	0.61	26.07	-6.80	19.45	-6.80	19.45
MSCI EAFE NR USD	6.18	28.74	-0.80	30.98	-7.26	23.97	-7.26	23.97
MSCI EM NR USD	-1.76	45.04	-3.96	38.89	-8.59	25.39	-8.59	25.39

Fixed Income

Bloomberg US Treasury US TIPS TR USD	-0.84	11.98	-0.14	11.51	-1.33	8.98	-1.33	8.98
Bloomberg US Treasury TR USD	-2.45	5.28	-2.12	8.69	-4.61	6.85	-4.61	6.85
Bloomberg Long Term US Treasury TR USD	-4.81	15.81	-4.36	22.35	-9.66	17.63	-9.66	17.63
Bloomberg US Agg Bond TR USD	-2.14	6.01	-1.98	8.35	-5.16	6.39	-5.16	6.39
Bloomberg US Credit TR USD	-2.10	9.80	-2.21	10.82	-7.13	7.87	-7.13	7.87
Bloomberg High Yield Corporate TR USD	-1.03	8.10	-1.38	6.90	-5.06	5.32	-5.06	5.32
JPM EMBI Global Diversified TR USD	1.60	10.79	-0.63	11.90	-9.78	11.68	-9.78	11.68

Other

Bloomberg Commodity TR USD	-2.87	39.36	7.71	40.80	24.47	24.18	24.47	24.18
Wilshire US REIT TR USD	1.30	17.08	4.44	17.22	-6.04	19.34	-6.04	19.34
MSCI Currency Factor Mix ER USD	-0.14	3.43	-0.18	3.37	0.41	2.60	0.41	2.60

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
03/06/22	CH	Exports YTD YoY	M	Feb	14.0%	16.3%	0.6
03/07/22	US	Consumer Credit	M	Jan	\$24.250b	\$6.838b	-4.3
03/07/22	JN	Eco Watchers Survey Current SA	M	Feb	38.0	37.7	-0.1
03/08/22	US	NFIB Small Business Optimism	M	Feb	97.3	95.7	-1.7
03/08/22	US	Trade Balance	M	Jan	-\$87.3b	-\$89.7b	-1.2
03/10/22	US	CPI MoM	M	Feb	0.8%	0.8%	0.0
03/10/22	US	CPI YoY	M	Feb	7.9%	7.9%	0.0
03/10/22	US	CPI Ex Food and Energy YoY	M	Feb	6.4%	6.4%	0.0
03/11/22	US	U. of Mich. Sentiment	M	Mar P	61.0	59.7	-0.7
03/14/22	RU	Exports	M	Jan	46.9b	45.9b	-0.2
03/14/22	CH	Retail Sales YTD YoY	M	Feb	3.0%	6.7%	3.6
03/15/22	GE	ZEW Survey Current Situation	M	Mar	-22.5	-21.4	0.2
03/15/22	US	PPI Final Demand YoY	M	Feb	10.0%	10.0%	0.0
03/16/22	US	Retail Sales Advance MoM	M	Feb	0.4%	0.3%	-0.2
03/16/22	US	FOMC Rate Decision (Upper Bound)	D	16-Mar	0.50%	0.50%	0.0

ECONOMIC DATA - NEXT TWO WEEKS

Date	Country	Event	Freq	Period	Prior	Surv(M)	Std Dev
03/21/22	GE	PPI YoY	M	Feb	25.0%	26.2%	1.3
03/23/22	UK	CPI YoY	M	Feb	5.5%	6.0%	0.1
03/24/22	EC	S&P Global Eurozone Services PMI	M	Mar P	55.5	54.2	1.7
03/24/22	US	Durable Goods Orders	M	Feb P	1.6%	-0.6%	1.0
03/24/22	US	S&P Global US Services PMI	M	Mar P	56.5	56.0	1.7
03/25/22	GE	IFO Business Climate	M	Mar	98.9	94.2	2.2
03/28/22	US	Advance Goods Trade Balance	M	Feb	-\$107.6b	-\$107.1b	3.3
03/29/22	US	Conf. Board Consumer Confidence	M	Mar	110.5	107.8	2.1
03/31/22	US	Personal Income	M	Feb	0.0%	0.5%	0.1
03/31/22	US	PCE Deflator YoY	M	Feb	6.1%	6.4%	0.1
03/31/22	RU	Markit Russia PMI Mfg	M	Mar	48.6	--	--
04/01/22	EC	CPI Estimate YoY	M	Mar	5.8%	--	--
04/01/22	US	Change in Nonfarm Payrolls	M	Mar	678k	450k	133.2
04/01/22	US	Unemployment Rate	M	Mar	3.8%	3.7%	0.2
04/01/22	US	Average Hourly Earnings YoY	M	Mar	5.1%	5.5%	0.1

Source: Bloomberg



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