

Capital Markets Snapshot

April 4th to April 15th, 2022

U.S. Economy

- Headline consumer price inflation accelerated to 8.5% year-over-year in March, the fastest level in four decades, boosted by surging energy (+32.0%) and food (+8.8%) prices.
- Core inflation (+6.5% YoY) missed estimates as used car and truck prices fell -3.8% in March, perhaps signaling a turnover in some of the durable good inflation experienced recently. Shelter costs (+5.0%) continued to rise, mitigating the vehicle price moderation.
- Revolving consumer credit like credit card debt, rose \$18.0B in February on a seasonally-adjusted basis. Consumers have been letting card balances run higher as savings have dwindled.

U.S. Markets

- Rising interest rates pressured financial assets with associated income streams further out in the future. High-growth tech stocks (NASDAQ 100 -6.5%) lagged the S&P 500 Index (-3.3%) and long-duration Treasuries (-8.2%) underperformed within fixed income.
- Leveraged loans (S&P/LSTA Leveraged Loan Index +0.4%) delivered positive returns while high-yield credit (-1.7%) faced headwinds from rising rates and spreads. High-yield credit issuance has been very light this year, partly due to rising rates.
- Fed minutes indicated officials plan to begin reducing the size of the balance sheet by a maximum of \$95B/month, starting in May.

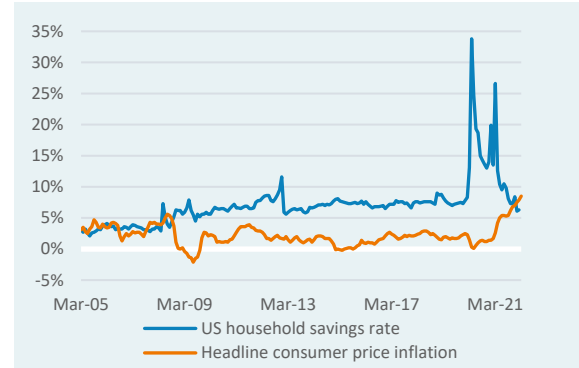
International Economy

- Chinese economic activity slowed significantly in March due to lockdowns in Shanghai and other major cities. Retail sales growth plummeted to -3.5% YoY in March, the lowest level since July 2020.
- European Central Bank officials kept rates unchanged at their April meeting but confirmed that they will end their bond-buying program in Q3. Markets expect the ECB to start hiking rates in July.
- Russian consumer prices advanced 7.6% in March, bringing the year-over-year calculation from 9.2% to 16.7%. Further acceleration is expected in the coming months, as the recent rebound in the value of the ruble is likely to be overwhelmed by supply disruptions.

International Markets

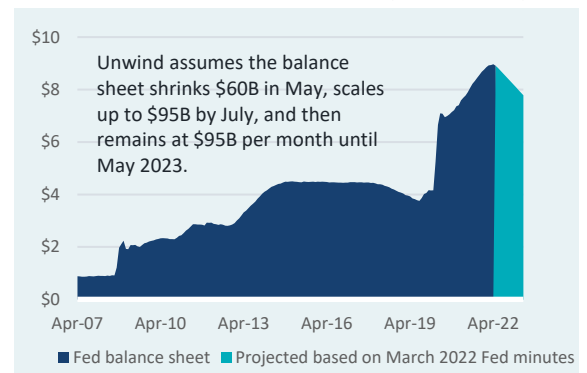
- Commodities (+6.9%) shot higher, this time powered by a resurgence in natural gas (+28.3%) and Brent crude oil (+7.8%). Grains contributed as well, with wheat (+11.5%) and corn (+7.5%) both posting returns in excess of the overall commodity index.
- International developed (MSCI EAFE -2.4%) and emerging market (MSCI EM -2.7%) equities edged out U.S. equities (S&P 500 -3.3%) despite material currency headwinds (EAFE -1.8%, EM -0.4%).
- The firming divergence between the hawkish Fed and more dovish ECB and Bank of Japan drove strong gains for the momentum (+1.4%) and carry (+1.3%) currency factors the last two weeks.

HOUSEHOLD SAVINGS AND INFLATION



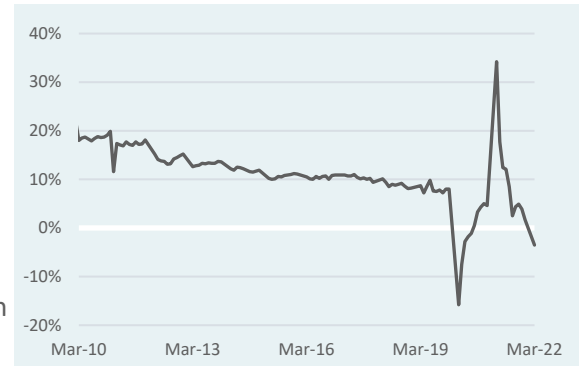
Source: BLS, Federal Reserve, as of 2/28/22 or most recent release

FED BALANCE SHEET UNWIND (TRILLIONS)



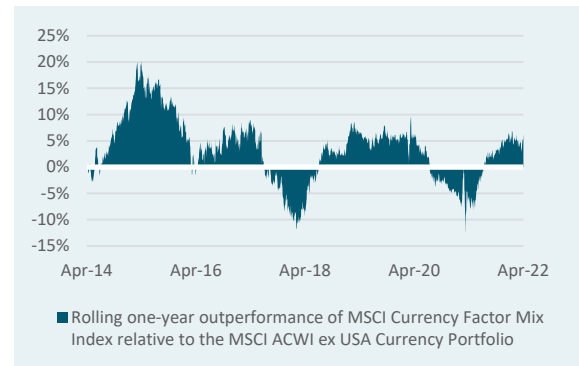
Source: Federal Reserve, as of 4/13/22

CHINESE RETAIL SALES (YEAR-OVER-YEAR)



Source: National Bureau of Statistics of China, Bloomberg, as of 3/31/22

CURRENCY BETA



Source: Bloomberg, MSCI, as of 4/15/22

Capital Markets Snapshot

MARKET PERFORMANCE

Equities

	Last Two Weeks 4/4/2022 - 4/15/2022		MTD		QTD		YTD	
	Return	Std Dev	Return	Std Dev	Return	Std Dev	Return	Std Dev
S&P 500 TR USD	-3.32	15.77	-2.99	15.29	-2.99	15.29	-7.45	20.68
Russell 2000 TR USD	-4.09	19.23	-3.12	19.58	-3.12	19.58	-10.41	26.14
MSCI ACWI NR USD	-3.08	12.94	-2.93	12.45	-2.93	12.45	-8.13	17.97
MSCI EAFE NR USD	-2.41	11.17	-2.88	10.59	-2.88	10.59	-8.62	21.54
MSCI EM NR USD	-2.74	15.63	-2.39	15.06	-2.39	15.06	-9.20	23.01

Fixed Income

Bloomberg US Treasury US TIPS TR USD	-1.66	4.05	-2.12	4.08	-2.12	4.08	-5.08	8.57
Bloomberg US Treasury TR USD	-2.21	5.79	-2.49	5.47	-2.49	5.47	-7.92	6.86
Bloomberg Long Term US Treasury TR USD	-8.15	11.96	-7.92	12.74	-7.92	12.74	-17.67	17.65
Bloomberg US Agg Bond TR USD	-2.51	6.04	-2.77	5.70	-2.77	5.70	-8.54	6.56
Bloomberg US Credit TR USD	-3.41	6.79	-3.55	6.51	-3.55	6.51	-10.71	7.87
Bloomberg High Yield Corporate TR USD	-1.65	5.66	-1.80	5.34	-1.80	5.34	-6.55	5.24
JPM EMBI Global Diversified TR USD	-2.69	6.59	-2.92	6.22	-2.92	6.22	-12.65	10.70

Other

Bloomberg Commodity TR USD	6.93	17.58	6.48	17.60	6.48	17.60	33.68	24.09
Wilshire US REIT TR USD	-1.93	13.60	0.11	17.21	0.11	17.21	-3.77	19.34
MSCI Currency Factor Mix ER USD	0.65	1.33	0.84	1.38	0.84	1.38	0.83	2.46

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
04/05/22	US	Trade Balance	M	Feb	-\$88.5b	-\$89.2b	-1.0
04/06/22	EC	PPI MoM	M	Feb	1.2%	1.1%	-0.3
04/06/22	EC	PPI YoY	M	Feb	31.6%	31.4%	-0.3
04/06/22	US	FOMC Meeting Minutes	D	16-Mar	--	--	--
04/07/22	EC	Retail Sales YoY	M	Feb	4.9%	5.0%	0.3
04/07/22	US	Consumer Credit	M	Feb	\$18.100b	\$41.820b	5.2
04/10/22	CH	PPI YoY	M	Mar	8.1%	8.3%	0.8
04/10/22	CH	CPI YoY	M	Mar	1.4%	1.5%	1.0
04/12/22	RU	Exports	M	Feb	50.7b	50.7b	0.0
04/12/22	US	CPI YoY	M	Mar	8.4%	8.5%	0.6
04/12/22	US	CPI Ex Food and Energy YoY	M	Mar	6.6%	6.5%	-1.1
04/12/22	US	Real Avg Hourly Earning YoY	M	Mar	--	-2.7%	--
04/12/22	UK	CPI YoY	M	Mar	6.7%	7.0%	1.2
04/14/22	US	Retail Sales Advance MoM	M	Mar	0.6%	0.5%	-0.2
04/14/22	US	U. of Mich. Sentiment	M	Apr P	59.0	65.7	4.6

ECONOMIC DATA - NEXT TWO WEEKS

Date	Country	Event	Freq	Period	Prior	Surv(M)	Std Dev
04/19/22	US	Housing Starts	M	Mar	1769k	1740k	41.3
04/19/22	GE	PPI YoY	M	Mar	25.9%	30.0%	1.7
04/21/22	US	Initial Jobless Claims	W	16-Apr	185k	180k	8.8
04/22/22	EC	S&P Global Eurozone Manufacturing PMI	M	Apr P	56.5	54.7	1.5
04/22/22	EC	S&P Global Eurozone Services PMI	M	Apr P	55.6	55.0	0.8
04/26/22	US	S&P CoreLogic CS 20-City YoY NSA	M	Feb	19.1%	--	--
04/26/22	US	Conf. Board Consumer Confidence	M	Apr	107.2	106.0	3.2
04/27/22	JN	BOJ 10-Yr Yield Target	D	28-Apr	0.00%	--	--
04/28/22	US	GDP Annualized QoQ	Q	1Q A	6.9%	1.0%	0.3
04/29/22	EC	CPI Estimate YoY	M	Apr	7.5%	--	--
04/29/22	EC	GDP SA YoY	Q	1Q A	4.6%	--	--
04/29/22	US	Employment Cost Index	Q	1Q	1.0%	1.1%	0.1
04/29/22	US	Personal Income	M	Mar	0.5%	0.4%	0.1
04/29/22	US	Personal Spending	M	Mar	0.2%	0.7%	0.3
04/29/22	US	PCE Core Deflator YoY	M	Mar	5.4%	5.3%	0.1

Source: Bloomberg



Past performance is no guarantee of future results. This document is provided for informational purposes only and is directed to institutional clients and eligible institutional counterparties only and is not intended for retail investors. The information provided is obtained from sources deemed reliable, but there is no representation or warranty as to its accuracy, completeness or reliability. Nothing herein constitutes investment, legal, accounting or tax advice, or a recommendation to buy, sell or hold a security or pursue a particular investment vehicle or any trading strategy. This document may include or imply estimates, outlooks, projections and other "forward-looking statements." No assurance can be given that future results described or implied by any forward looking information will be achieved. Investing entails risks, including possible loss of principal.