The Markets (as of market close March 18, 2022)

Wall Street rebounded last week, enjoying its best weekly performance since November 2020. The Nasdaq advanced more than 8.0% as tech shares climbed higher. The S&P 500 rose more than 6.0%, posting its first weekly gain in three weeks. The Federal Reserve's moderate 25-basis point interest-rate hike, coupled with a projection of future rate hikes this year, gave investors more clarity on the direction of monetary policy. While inflation is showing no signs of slowing, the Russia-Ukraine war has impacted energy prices, tightened financial conditions, and moderated economic growth prospects abroad all of which could lead to higher inflation and slower economic growth in the United States. Investors will have to continue to monitor all of these factors in gauging their impact on the market.

Stocks fell last Monday to begin the week in the red for the second consecutive week. Equities couldn't hold on to gains achieved earlier in the day, as investors were awaiting the Federal Reserve's upcoming monetary policy stance. The Dow jumped as many as 451 points, only to close the day flat. The Nasdaq fell 2.0%, the Russell 2000 dropped 1.9%, the S&P 500 slid 0.7%, and the Global Dow dipped 0.2%. Ten-year Treasury yields climbed nearly 14 basis points to close at 2.14%. The dollar and gold values declined. Crude oil prices dropped more than $7.00 to $101.94 per barrel.

Last Tuesday saw stocks rally as crude oil prices continued to tumble. Strength in consumer discretionary and information technology helped drive the S&P 500 up 2.1%. The Nasdaq climbed nearly 3.0% and the Dow advanced 1.8%. The Russell 2000 (1.4%) and the Global Dow (0.2%) also posted gains. Crude oil prices slid to $95.20 per barrel, a drop of nearly $8.00. The dollar and 10-year Treasuries rose marginally, while gold prices fell. China imposed lockdown restrictions on several major regions in response to another COVID outbreak.

Stocks continued their rally last Wednesday after Federal Reserve Chair Jerome Powell suggested that the economy is very strong. Earlier in the day, the Federal Open Market Committee hiked interest rates 25 basis points (see below). By the close of trading, the Nasdaq (3.8%) and the Russell 2000 (3.1%) made the largest advances, followed by the S&P 500 and the Global Dow, which climbed 2.2%. The Dow added 1.6%. Ten-year Treasury yields inched up to 2.18%. The dollar and gold prices decreased. Crude oil prices dipped again, falling to $95.08 per barrel.

Equities advanced for the third straight day last Thursday, led by the Russell 2000 (1.7%) and the Global Dow (1.4%). The Nasdaq, the S&P 500, and the Dow each gained roughly 1.25%. Each of the market sectors closed in the black, with energy up 2.9%. Ten-year Treasury yields were flat. The dollar declined, while gold prices rose. Crude oil prices reversed a downward trend, climbing over $8.00 to $103.62 per barrel.

Last Friday was another solid day for stocks, which posted their fourth consecutive day of gains. The Nasdaq continued its rally, gaining 2.1% by the close of trading, followed by the S&P 500, the Russell 2000, the Dow, and the Global Dow. Crude oil prices advanced for the second consecutive day, adding nearly $1.70 to $104.91 per barrel. The dollar inched higher, while gold prices dipped. Ten-year Treasuries slid 4.4 basis points to 2.14%.

Stock Market Indexes

Market/Index	2021 Close	Prior Week	As of 3/18	Weekly Change	YTD Change
DJIA	36,338.30	32,944.19	34,754.21	5.49%	-4.36%
Nasdaq	15,644.97	12,843.81	13,893.84	8.18%	-11.19%
S&P 500	4,766.18	4,204.31	4,463.09	6.16%	-6.36%
Russell 2000	2,245.31	1,979.67	2,086.14	5.38%	-7.09%
Global Dow	4,137.63	3,872.14	4,035.17	4.21%	-2.48%
Fed. Funds target rate	0.00%-0.25%	0.00%-0.25%	0.25%-0.50%	25 bps	25 bps
10-year Treasuries	1.51%	2.00%	2.14%	14 bps	63 bps
US Dollar-DXY	95.64	99.09	98.19	-0.91%	2.67%
Crude Oil-CL=F	$75.44	$109.40	$104.91	-4.10%	39.06%
Gold-GC=F	$1,830.30	$1,988.00	$1,920.10	-3.42%	4.91%

Chart reflects price changes, not total return. Because it does not include dividends or splits, it should not be used to benchmark performance of specific investments.

Last Week's Economic News

- In a decision that has been anticipated for several months, the Federal Open Market Committee decided to raise the target range for the federal funds rate by 25 basis points to 0.25%-0.50%, with additional rate hikes anticipated. In addition, the FOMC expects to begin reducing its holdings of Treasury securities, agency debt, and agency mortgage-backed securities at a subsequent meeting. After first noting that economic activity and employment have continued to strengthen, the Committee acknowledged that inflation remains elevated, resulting in supply and demand imbalances tied to the coronavirus pandemic, higher energy prices, and broader price pressures. The FOMC also stated that the impact of Russia's invasion of Ukraine on the U.S. economy is highly uncertain. However, in the near term, that conflict and related events are likely to create additional upward pressure on inflation and weigh on economic activity. Nevertheless, with appropriate firming of monetary policy, the Committee expects inflation to return to its 2.0% objective and the labor market to remain strong.

- In February, the prices that producers received for goods and services rose 0.8% after advancing 1.2% in January. Year over year, producer prices have risen 10.0%. In February, prices for goods jumped 2.4%, the largest advance since data was first calculated in December 2009. Two-thirds of the increase in goods prices can be traced to an 8.2% increase in energy prices, of which gasoline prices climbed 14.8%. Prices for services in February were unchanged from the previous month.

- Sales at the retail level rose 0.3% in February after jumping 4.9% in January. Retail sales have increased 17.6% since February 2021. Retail trade sales were unchanged in February, but have advanced 15.9% over the 12 months ended in February. Retailers that saw a notable advance in sales last month include gasoline stations (5.3%); clothing and clothing accessories stores (1.1%); sporting goods, hobby, musical instrument, and book stores (1.7%); and food and drinking places (2.5%). Retail sales declined for nonstore (online) retailers (-3.7%), health and personal care stores (-1.8%), and furniture and home furnishing stores (-1.0%).

- Both import and export prices advanced in February. Import prices rose 1.4% and export prices advanced 3.0%. Import prices have risen 10.9% over the 12 months ended in February. Import fuel prices increased 6.9% last month. Prices for nonfuel imports increased 0.8% in February and have not recorded a monthly decline since November 2020. Import prices for nonfuel imports increased 7.2% over the past 12 months, the largest such advance since December 2002. The February increase in export prices was the largest one-month advance since January 1989. Both agricultural and nonagricultural export prices climbed 3.0% in February.

- Industrial production rose 0.5% in February after advancing 1.4% in January. Over the 12 months ended in February, total industrial production has increased 7.5%. In February, manufacturing output advanced 1.2%, utilities declined 2.7%, and output of mines edged up 0.1%.

- The number of building permits issued for new housing units fell 1.9% in February from the previous month. Permits for single-family homes also dipped, declining 0.5% last month. On the other hand, housing starts advanced 6.8% in February, while single-family housing starts rose 5.7%. Housing completions also climbed higher in February after increasing 5.9% above the January estimate.

- Sales of existing homes slid 7.2% in February and are down 2.4% from a year ago. Existing home sales have seesawed up and down over the past several months, as buyers faced affordability challenges due to higher prices and rising mortgage rates. According to the National Association of Realtors®, monthly mortgage payments have risen 28.0% over the past 12 months. Total housing inventory increased 2.4% in February representing a supply of 1.6 months at the current sales pace. The median existing home price was $357,300 in February, up from $350,300 in January and well above the February 2021 median sales price of $310,600. Single-family home sales also dipped in February, falling 7.0% from January and 2.2% from February 2021. The median existing single-family home price was $363,400 in February, 1.8%

above the January median sales price ($357,100) and 15.5% higher than the February 2021 median sales price.

- The national average retail price for regular gasoline was $4.315 per gallon on March 14, $0.213 per gallon more than the prior week's price and $1.462 higher than a year ago. As of March 14, the East Coast price increased $0.36 to $5.33 per gallon; the Gulf Coast price rose $0.41 to $5.11 per gallon; the Midwest price increased $0.40 to $5.04 per gallon; the West Coast price increased $0.47 to $5.87 per gallon; and the Rocky Mountain price increased $0.42 to $5.00 per gallon. According to the U.S. Energy Information Administration, before the most recent increase, both nominal and real gasoline prices were already at their highest levels in years. After beginning 2021 at a price of $2.25 per gallon, the average U.S. retail price for regular gasoline increased to $3.53 per gallon on February 21, 2022. Gasoline prices have increased because gasoline inventories have been below their five-year (2016-2020) average since January 2021 due to low production and increasing demand. In particular, gasoline consumption increased 9.0% between 2020 and 2021 as a result of rising employment and increased willingness to travel amid declining COVID-19 cases and higher vaccination rates. As of March 14, residential heating oil prices averaged $4.93 per gallon, about $0.01 per gallon above the prior week's price and $2.03 per gallon higher than last year's price at this time. Residential propane prices averaged nearly $3.02 per gallon, up $0.03 per gallon above last week's price and $0.66 per gallon above last year's price. U.S. crude oil refinery inputs averaged 15.6 million barrels per day during the week ended March 11, which was 224,000 barrels per day more than the previous week's average. Refineries operated at 90.4% of their operable capacity last week. Gasoline production decreased last week, averaging 9.4 million barrels per day.

- For the week ended March 12, there were 214,000 new claims for unemployment insurance, a decrease of 15,000 from the previous week's level, which was revised up by 2,000. According to the Department of Labor, the advance rate for insured unemployment claims for the week ended March 5 was 1.0%, a decrease of 0.1 percentage point from the previous week's rate. The advance number of those receiving unemployment insurance benefits during the week ended March 5 was 1,419,000, a decrease of 71,000 from the previous week's level, which was revised down by 4,000. This is the lowest level for insured unemployment since February 21, 1970, when it was 1,412,000. States and territories with the highest insured unemployment rates for the week ended February 26 were Rhode Island (2.7%), California (2.6%), Alaska (2.4%), New Jersey (2.4%), Massachusetts (2.3%), Minnesota (2.3%), New York (2.3%), Illinois (2.1%), Connecticut (2.0%), Georgia (1.9%), and Montana (1.9%). The largest increases in initial claims for the week ended March 5 were in New York (+16,157), California (+5,470), Kentucky (+3,148), New Jersey (+2,381), and Ohio (+1,117), while the largest decreases were in Massachusetts (-2,315), Pennsylvania (-2,130), Missouri (-1,378), Tennessee (-1,356), and Rhode Island (-1,224).

Eye on the Week Ahead

This week is a rather slow one for economic reports, as it is sandwiched between last week, which included the Federal Reserve meeting and interest rate hike, and next week, which yields the latest GDP data, consumer spending, and price information from the personal income and outlays report, and the employment figures for March.