

Weekly Market Recap

WEEK ENDED
APRIL 15, 2022

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Extending their difficult start to the quarter, major U.S. stock indexes declined last week with the tech-heavy NASDAQ Composite significantly trailing both the Dow Jones Industrial Average and the S&P 500® Index. Sentiment remained largely negative as investors anticipated a deceleration in earnings growth in part due to price pressures from inflation and to expectations for the Fed raising rates more quickly. Within the S&P 500, financials lagged after sector stalwart J.P. Morgan Chase missed earnings estimates, while energy outperformed, buoyed once again by rising oil prices. The yield curve continued to steepen last week with short- and intermediate-term yields declining in conjunction with increasing long-term yields as investors expressed their preference for shorter-duration securities.

Inflation data and its impact on profit margins were thrust squarely into the spotlight last week as the earnings season

kicked off. Last Tuesday, the Labor Department reported that headline inflation increased 1.2% in March, bringing the yearly increase to a four-decade high of 8.5%. Relatedly, crude oil prices rebounded from two straight weeks of declines, ending the week at \$107 per barrel. While the headline inflation reading exceeded expectations, the core inflation rate excluding food and energy rose only 0.3% against economist's expectations for a 0.5% increase.

The first quarter earnings season kicked off last week with big financial institutions in focus. A significant slowdown in earning per share growth is expected to detract from sentiment with analysts forecasting only a 5.1% growth rate for the quarter. Despite a challenged economic environment, forecasts for yearly S&P 500 earnings growth are now at 10.2%.

REPORTS, SPEECHES AND MARKET MOVERS:

- U.S. Housing Starts and Permits (Tues)
- Eurozone Industrial Production (Wed)
- U.S. Existing Home Sales (Wed)
- U.S. Jobless Claims (Thurs)
- Japan CPI (Thurs)
- U.S. PMI Composite Flash (Fri)

INDEX RETURNS

as of 4/15/2022	Level	1 Week	QTD	YTD	1 Year	3 Year
S&P 500	4,393	-2.37%	-2.99%	-7.45%	8.00%	16.70%
Dow Jones Industrial Average	34,451	-0.38%	-0.61%	-4.68%	4.05%	11.64%
NASDAQ Composite	13,351	-3.93%	-6.10%	-14.50%	-3.02%	19.69%
Russell 2000	4,983	-0.22%	-3.12%	-10.41%	-9.84%	9.50%
MSCI EAFE	2,119	-1.05%	-2.88%	-8.62%	-5.13%	5.81%
MSCI Emerging Markets	1,117	-1.23%	-2.39%	-9.20%	-15.13%	3.17%
Bloomberg U.S. Agg. Bond	2,154	-1.23%	-2.77%	-8.54%	-7.43%	0.88%
Bloomberg U.S. Corporate High Yield	2,300	-0.68%	-1.80%	-6.55%	-3.08%	3.58%

Source: Morningstar DirectSM

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(1) Price-weighted average of 30 actively traded Blue Chip stocks, primarily industrials, but also including other service-oriented firms; may be used as a benchmark for large cap stocks. (2) Widely recognized, unmanaged index representative of common stocks of larger capitalized U.S. companies. (3) Broad-based index of over 5000 companies, which measure all domestic, and non-U.S. based common stocks listed on the NASDAQ Stock Market, Inc. (4) Unmanaged index representing the performance of small-cap U.S. stocks. (5) Unmanaged index consisting of approximately 1,200 stocks in developed market countries outside of North and South America and represents approximately 85 percent of the total market capitalization in those countries. (6) Unmanaged index of fixed rate investment grade securities with at least one year to maturity combining the Bloomberg U.S. Treasury Bond Index, the Bloomberg U.S. Government-Related Bond Index, the Bloomberg U.S. Corporate Bond Index, and the Bloomberg U.S. Securitized Bond Index.

The Bloomberg U.S. Aggregate Bond Index is an unmanaged index of fixed-rate investment-grade securities with at least one year to maturity, combining the Bloomberg U.S. Treasury Bond Index, the Bloomberg U.S. Government-Related Bond Index, the Bloomberg U.S. Corporate Bond Index, and the Bloomberg U.S. Securitized Bond Index.

The Bloomberg U.S. Corporate High-Yield Bond Index covers the universe of fixed rate, non-investment-grade debt from corporate sectors.

The S&P 500® Index is a widely recognized, unmanaged index representative of common stocks of larger capitalized U.S. companies.

The Russell 2000® Index is a widely recognized, unmanaged index representative of common stocks of smaller capitalized U.S. companies.

The MSCI EAFE Index is a widely recognized, unmanaged index representative of equity securities in developed markets, excluding the U.S. and Canada.

The MSCI Emerging Markets (EM) Index is an unmanaged market capitalization-weighted index of equity securities of companies domiciled in various countries. The Index is designed to represent the performance of emerging stock markets throughout the world and excludes certain market segments unavailable to U.S.-based investors.

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