MARKET VIEW WEEKLY

March 4th, 2022

ECONOMIC REVIEW[1]

- Non-farm payrolls for the month of February exceeded expectations, the increase in payrolls was 678,000 while the expectation was an increase of 423,000.

How does this impact you?

- Impact of Non-farm Payrolls:
  - Following strong monthly hiring in January, the February report confirms the trend of those going back to work as Omicron cases and COVID cases overall have started to drop steeply.
  - The unemployment rate decreased to 3.8% the expectation was for the rate to tick to 3.9% from the previous month of 4%.
  - After a string of large jumps in month-over-month wage growth the month of February saw no increases in wages. The expectation was an increase of +0.5% but instead were essentially flat. This breaks a streak of 12 months in a row of monthly wage increases.
    - Although wages did not rise this month, they are still up 5.1% on a year-over-year basis which is quite strong.
  - With another strong month of hiring and the last report before the March Fed meeting, all signs point to the implied lift off of interest rates.

A LOOK FORWARD[1]

- The Consumer Price Index (CPI) for the month of February will be announced on Thursday, the expectation is for core consumer prices to increase by 0.8% on a month-over-month basis.
  - Excluding food and energy prices, CPI is expected to increase by 0.5% on a month-over-month basis.

How does this impact you?

- Impact of Consumer Price Index:
  - Inflationary pressures continue to persist and to broaden out while increasing oil prices are leading to higher gas prices that plague the consumer. Oil prices have surpassed the $100 mark and are now sitting around $112 per barrel.
  - The average price for a gallon of gas in the country is now $3.84, which has risen tremendously due to the ongoing conflict between Russia and Ukraine. Just last month gas prices were at $3.42 a gallon, an increase of 12% in just a month's time.
    - A year ago, the national average for a gallon of gas was $2.75.
  - On a brighter note, there are reports that China is looking to loosen some of their aggressive COVID restriction policies. If this is indeed the case, there may be some easing of pressure in the supply chain and hopefully a cooling off of inflationary pressures.

MARKET UPDATE

Market Index Returns as of 3/4/22[1]	WTD	QTD	YTD	1 YR	3 YR	5 YR
S&P 500	-1.24%	-8.94%	-8.94%	16.49%	17.72%	14.75%
NASDAQ	-2.76%	-14.80%	-14.80%	5.32%	21.69%	18.91%
Dow Jones Industrial Average	-1.23%	-7.15%	-7.15%	10.73%	11.57%	12.33%
Russell Mid-Cap	-1.82%	-9.51%	-9.51%	7.63%	13.63%	11.57%
Russell 2000 (Small Cap)	-1.92%	-10.74%	-10.74%	-5.84%	9.65%	8.88%
MSCI EAFE (International)	-6.51%	-12.66%	-12.66%	-4.78%	5.26%	5.65%
MSCI Emerging Markets	-2.29%	-6.95%	-6.95%	-13.16%	5.15%	6.63%
Bloomberg Barclays US Agg Bond	0.95%	-3.09%	-3.09%	-1.79%	3.36%	2.88%
Bloomberg Barclays High Yield Corp.	-0.16%	-4.07%	-4.07%	0.32%	5.16%	4.78%
Bloomberg Barclays Global Agg	0.21%	-3.44%	-3.44%	-5.10%	2.18%	2.56%

OBSERVATIONS

- U.S. equities moved lower this week as indicated by the S&P 500 which was down -1.24% on the week.
- In the U.S., smaller sized companies underperformed their larger-sized counterparts, as the Russell 2000 index decreased by -1.92% on the week.
- International stocks as measured by the MSCI EAFE were negative on the week, down -6.51%, underperforming domestic stocks.
- Emerging market stocks were down on the week with the MSCI EM decreasing -2.29%.
- U.S. investment grade bonds were positive last week with the Bloomberg Barclays U.S. Aggregate Bond index up +0.95%.

BY THE NUMBERS

DOWN AND DOWNER - The S&P 500 was down 3.0% (total return) in February 2022, following its 5.2% drop in January 2022. The S&P 500 consists of 500 stocks chosen for market size, liquidity, and industry group representation. It is a market value weighted index with each stock's weight in the index proportionate to its market value (source: BTN Research).

ROUGH START TO THE YEAR - As of the close of trading on Monday 2/28/2022, 308 individual stocks in the S&P 500 were down YTD (source: BTN Research).

MOST DON'T MAKE A LOT OF MONEY – 31.5% of the 148.2 million tax returns that were filed nationwide for tax year 2019 (the latest year for which data has been released) did not pay any federal income tax, a total of 46.7 million tax returns. 83.5% of these "non-taxable" returns (39.0 million returns) reported adjusted gross income of less than $44,269 (source: Internal Revenue Service).

I'M GOING ELSEWHERE - 47.4 million Americans quit their full-time jobs in 2021, the highest annual number recorded in the United States based on data tracked since 2001 (source: Department of Labor).

Nonfarm Payrolls: This indicator measures the number of employees on business payrolls. It is also sometimes referred to as establishment survey employment to distinguish it from the household survey measure of employment.
CPI (headline and core): Consumer prices (CPI) are a measure of prices paid by consumers for a market basket of consumer goods and services. The yearly (or monthly) growth rates represent the inflation rate.

Index Definitions

S&P 500: The S&P 500® is widely regarded as the best single gauge of large-cap U.S. equities and serves as the foundation for a wide range of investment products. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.
NASDAQ: The NASDAQ Composite Index is a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market and Capital Market. The index was developed with a base level of 100 as of February 5, 1971.
Dow Jones Industrial Average: The Dow Jones Industrial Average is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. It has been a widely followed indicator of the stock market since October 1, 1928.
Russell Mid-Cap: Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 25% of the total market capitalization of the Russell 1000 Index.
Russell 2000: The Russell 2000 Index is comprised of the smallest 2000 companies in the Russell 3000 Index, representing approximately 8% of the Russell 3000 total market capitalization. The real-time value is calculated with a base value of 135.00 as
of December 31, 1986. The end-of-day value is calculated with a base value of 100.00 as of December 29, 1978.
MSCI EAFE: The MSCI EAFE Index is a free-float weighted equity index. The index was developed with a base value of 100 as of December 31, 1969. The MSCI EAFE region covers DM countries in Europe, Australasia, Israel, and the Far East.
MSCI EM: The MSCI EM (Emerging Markets) Index is a free-float weighted equity index that captures large and mid-cap representation across Emerging Markets (EM) countries. The index covers approximately 85% of the free float-adjusted market capitalization in each country.
Bloomberg Barclays US Agg Bond: The Bloomberg Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency).
Bloomberg Barclays High Yield Corp: The Bloomberg Barclays US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Barclays EM country definition,
are excluded.
Bloomberg Barclays Global Agg: The Bloomberg Barclays Global Aggregate Index is a flagship measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate, and securitized fixed-rate bonds from both developed and emerging markets issuers.

Disclosures

Index performance does not reflect the deduction of any fees and expenses, and if deducted, performance would be reduced. Indexes are unmanaged and investors are not able to invest directly into any index. Past performance cannot guarantee future results.

Investing involves risk, including the potential loss of principal. No investment strategy can guarantee a profit or protect again loss. In general, the bond market is volatile; bond prices rise when interest rates fall and vice versa. This effect is usually pronounced for longer-term securities. Any fixed-income security sold or redeemed prior to maturity may be subject to a substantial gain or loss. Vehicles that invest in lower-rated debt securities (commonly referred to as junk bonds or high-yield bonds) involve additional risks because of the lower credit quality of the securities in the portfolio. International investing involves special risks do not present with U.S. investments due to factors such as increased volatility, currency fluctuation, and differences in auditing and other financial standards. These risks can be accentuated in emerging markets.

The statements provided herein are based solely on the opinions of the Advisor Group Research Team and are being provided for general information purposes only. Neither the information nor any opinion expressed constitutes an offer or a solicitation to buy or sell any securities or other financial instruments. Any opinions provided herein should not be relied upon for investment decisions and may differ from those of other departments or divisions of Advisor Group or its affiliates.

Certain information may be based on information received from sources the Advisor Group Research Team considers reliable; however, the accuracy and completeness of such information cannot be guaranteed. Certain statements contained herein may constitute “projections,” “forecasts” and other “forward-looking statements” which do not reflect actual results and are based primarily upon applying retroactively a hypothetical set of assumptions to certain historical financial information. Any opinions, projections, forecasts and forward-looking statements presented herein reflect the judgment of the Advisor Group Research Team only as of the date of this document and are subject to change without notice. Advisor Group has no obligation to provide updates or changes to these opinions, projections, forecasts and forward-looking statements. Advisor Group is not soliciting or recommending any action based on any information in this document.

Securities and investment advisory services are offered through the firms: FSC Securities Corporation, Royal Alliance Associates, Inc., SagePoint Financial, Inc., Triad Advisors, LLC, and Woodbury Financial Services, Inc., broker-dealers, registered investment advisers, and members of FINRA and SIPC. Securities are offered through Securities America, Inc., a broker-dealer and member of FINRA and SIPC. Advisory services are offered through Arbor Point Advisors, LLC, Ladenburg Thalmann Asset Management, Inc., Securities America Advisors, Inc., and Triad Hybrid Solutions, LLC, registered investment advisers. Advisory programs offered by FSC Securities Corporation, Royal Alliance Associates, Inc., SagePoint Financial, Inc., and Woodbury Financial Services, Inc., are sponsored by VISION2020 Wealth Management Corp., an affiliated registered investment adviser. Advisor Group, Inc. is an affiliate of these firms. 4477200

[1] Data obtained from Bloomberg as of 3/4/2022

EMERALD FINANCIAL SERVICES

60 Barrett Drive, Suite G
Webster, NY 14580
Phone (585) 265-2870
Fax (585) 265-2885
www.emeraldinc.com