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# MARKET INSIGHTS

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## BAD NEWS GIVES MARKETS A ONE-TWO PUNCH

Stocks tumbled last week as investors reconsidered their interest rate expectations after Fed Chair Powell's Congressional testimony that rates may need to go higher. Stocks also were rattled when a west coast bank was placed into receivership on Friday following a run on deposits.

The Dow Jones Industrial Average dropped 4.44%, while the Standard & Poor's 500 lost 4.55%. The Nasdaq Composite index fell 4.71% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, slipped 0.37%.

| Market Index | Close     | Week   | Y-T-D  |
|--------------|-----------|--------|--------|
| DJIA         | 31,909.64 | -4.44% | -3.73  |
| NASDAQ       | 11,138.89 | -4.71% | +6.42% |
| MSCI-EAFE    | 2,062.92  | -0.37% | +6.12% |
| S&P 500      | 3,861.59  | -4.55% | +0.58% |



| Treasury     | Close | Week   | Y-T-D  |
|--------------|-------|--------|--------|
| 10-Year Note | 3.70% | -0.27% | -0.18% |

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## Rate Fears, Bank Scare

Congressional testimony on Tuesday by Fed Chair Jerome Powell that interest rates may require a higher increase faster than planned unnerved investors, dimming the hopes of any pause in rate hikes this summer. After stabilizing the following day, stocks trended lower as the financial sector came under pressure. The lower move was triggered by a specialty bank's liquidity issues, though regional and money center banks could not escape the selling.

Labor market strength in a Friday report exacerbated rate-hike anxieties, though cooling wage gains balanced an above-consensus new jobs number. Markets appeared to take the employment report in stride but fell on worries arising from the shutdown of a tech-centric bank.

## Powell's Congressional Testimony

Fed Chair Powell last week testified on Capitol Hill during which he acknowledged that the economy was running hotter than he had expected. He said that labor market strength and stubbornly elevated inflation may require the Fed to raise rates quicker

than anticipated and above levels previously contemplated.

The market did not respond well to Powell's change of tone. Many now see the potential of a 0.50% rate hike coming out of the Federal Open Market Committee's (FOMC) March 21-22 meeting instead of the expected increase of 0.25%. Powell did say that the FOMC would consider the monthly employment report released last Friday and upcoming inflation reports before arriving at a decision.

## Key Economic Data

**Tuesday:** Consumer Price Index (CPI).

**Wednesday:** Producer Price Index (PPI). Retail Sales.

**Thursday:** Jobless Claims. Housing Starts.

**Friday:** Industrial Production. Consumer Sentiment. Index of Leading Economic Indicators.

## Companies Reporting Earnings

**Wednesday:** Adobe, Inc. (ADBE), Lennar Corporation (LEN).

**Thursday:** FedEx Corporation (FDX), Dollar General Corporation (DG).

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## FOOD FOR THOUGHT



*"He who is not courageous enough to take risks will accomplish nothing in life."*

– Muhammad Ali

## TAX TIP



### Be Vigilant & Protect Yourself From Texting Scams

Unfortunately, instances of IRS-themed text scams are on the rise, and these scam attempts could put your sensitive tax data at risk. Most of these scam messages look like they're coming from the IRS and have fake messages to lure you into providing information for things like COVID relief or tax credits. They may also ask for your information to help you set up an IRS account online.

Be aware of these scams to protect yourself and your data. Remember, the IRS does not send emails or texts asking for personal or financial information. If you receive a text like this, report it to the IRS by emailing [phishing@irs.gov](mailto:phishing@irs.gov).

\*This information is not intended to be a substitute for specific individualized tax advice. We suggest that you discuss your specific tax issues with a qualified tax professional.

## HEALTH LIVING TIP



### This Virtual Experience Lets You Take A Vacation Without Leaving Home

You can do many things with Google Arts & Culture, including exploring lands near and far without even leaving your house.

The platform is constantly growing, but some of the most popular things you can do include hiking Machu Picchu, taking a virtual tour of the Louvre, traveling through time, or seeing hundreds of photos from almost any location worldwide. Learn more about famous works of art and experience them with augmented reality. Art Projector even lets you see how artworks look in actual size right before you. See what the Mona Lisa looks like in your living room!

The experience works on your computer, but you can also download the app to experience Google Arts & Culture on the move.



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## WEEKLY RIDDLE



About 90% of this country's land area is made up of arid tan desert, yet its flag was once solid green (until 2011) – in fact, at one time it was the only nation in the world with a flag containing just one color. What nation is this?

Riddle from last edition: They have no bodies, but you could say they have tails and heads. What are they? Answer: Coins

## PHOTO OF THE WEEK



*Bornean Orangutans, Lamandau Nature Reserve, Borneo, Indonesia*



Do you have questions about your finances, the market, or the economy?

Park 10 Financial has the knowledge and expertise to answer all of your concerns.

**Email: [info@park10financial.com](mailto:info@park10financial.com)**