



Weekly Commentary

April 4, 2022

THE MARKETS

Checking in on the Federal Reserve.

Among other things, Congress asks the Federal Reserve to use its tools to promote price stability and maximum employment. Last week, economic data provided information about both.

Inflation continued to increase

Price stability means ensuring the prices of goods and services increase at a slow and stable pace. Last week, the Bureau of Economic Analysis reported that consumer prices rose 5.4 percent, year-over-year in February, excluding food and energy. When food and energy were included, inflation increased 6.4 percent.

Personal income increased, too, but not quite as quickly as inflation did.

The Fed's target for inflation is 2 percent. To bring inflation into line, the Fed has begun tightening monetary policy. So far, it has ended asset purchases and started raising the federal funds target rate. Next, it will begin to shrink its balance sheet. However, the war in Ukraine and a new COVID-19 outbreak in China are complicating the Fed's inflation calculations.

Unemployment remained low

Maximum employment is "...the highest level of employment the economy can sustain without generating unwelcome inflation It describes an economy in which

nearly everyone who wants to work has a job, reported Lorena Hernandez Barcena and David Wessel of Brookings."

Not everyone who wants a job has one, but last week's employment report from the Bureau of Labor Statistics showed the unemployment rate was quite low at 3.6 percent, overall. When the statistic is viewed by gender and race:

- Men have a 3.1 percent unemployment rate with 70.6 percent participation,
- Women a 2.8 percent unemployment rate with 57.2 percent participation,
- Asian people a 2.8 percent unemployment rate with 64 percent participation,
- White people a 3.2 percent unemployment rate with 60.3 percent participation,
- Hispanic people a 4.2 percent unemployment rate with 66.4 percent participation, and
- Black people a 6.2 percent unemployment rate with 62.1 percent participation.

Major stock indices finished the week mixed, reported Ben Levisohn of Barron's. The Treasury yield curve inverted last week with the yield for a 10-year Treasury dropping below the yield for a 2-year Treasury.

Data as of 4/1/22	1 WEEK	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR
Standard & Poor's 500 Index	0.1%	-4.6%	13.1%	16.6%	14.0%	12.4%
Dow Jones Global ex-U.S. Index	0.8	-6.5	-4.9	4.9	4.4	3.2
10-year Treasury Note (yield only)	2.4	N/A	1.7	2.5	2.4	2.2
Gold (per ounce)	-1.3	6.0	11.8	14.3	9.1	1.4
Bloomberg Commodity Index	-4.6	24.9	47.8	14.9	7.9	-1.4

Notes: S&P 500, DJ Global ex US, Gold, Bloomberg Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods. Sources: Yahoo! Finance, MarketWatch, djindexes.com, London Bullion Market Association. Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

111 W. Western Avenue
Muskegon, Michigan 49442
231.720.0743 Main
866.577.9116 Toll free

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Michael A. Poland, CFA®
CEO & Founder
Wealth Advisor / Portfolio Manager



Melanie N. Meyer, FPQP™
Wealth Advisor
Financial Planning



Sherri L. Balaskovitz
Director of Marketing
Director of Operations



Caitlyn Mouw, FPQP™
Director of First Impressions
Client Services



Barb Pasco
Senior Client Services
Compliance Manager

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AN UPDATE ON THE GENDER WAGE GAP...

The gender wage gap is closing for young women in a few cities across the United States. Overall, in 2019, women earned about 82 percent of what men earned. However, women under 30, who worked full time, year-round, earned as much or more than men of the same age and employment status in a few places, according to a new survey from Pew Research. The gender wage gap had closed or reversed in 22 of 250 cities reviewed.

In several cities, younger women earned more than younger men. The cities where women had made the biggest gains were:

- Wenatchee, WA: 120 percent (Median annual earnings for women: \$30,363)
- Morgantown, WV: 114 percent (Median annual earnings for women: \$32,373)
- Barnstable Town, MA: 112 percent (Median annual earnings for women: \$36,652)
- Gainesville, FL: 110 percent (Median annual earnings for women: \$28,000)
- Naples-Immokalee-Marco Island, FL: 108 percent (Median annual earnings for women: \$29,830)

The cities where women earned the least relative to what men earned were:

- Elkhart-Goshen, IN: 67 percent (Median annual earnings for women: \$26,634)
- Beaumont-Port Arthur, TX: 68 percent (Median annual earnings for women: \$25,899)
- Odessa, TX: 68 percent (Median annual earnings for women: \$26,634)
- Mansfield, OH: 69 percent (Median annual earnings for women: \$22,373)
- Decatur, IL: 70 percent (Median annual earnings for women: \$24,077)

The cities where women had the highest median earnings were San Francisco/Oakland/Hayward (\$50,000, 98 percent of men's earnings) San Jose/Sunnyvale/Santa Clara (\$47,941, 88 percent of men's earnings), and Washington/Arlington/Alexandria (\$43,500, 102 percent of men's earnings).

It remains to be seen whether improved wage parity can be sustained as women age. Richard Fry of Pew Research reported, "...history suggests that [women] may not maintain this level of parity with their male counterparts. For example, in 2000, the typical woman age 16 to 29 working full time, year-round earned 88% of a similar young man. By 2019, when people in this group were between the ages of 35 and 48, women were earning only 80% of their male peers, on average. Earnings parity tends to be greatest in the first years after entering the labor market."



WEEKLY FOCUS - THINK ABOUT IT

"What you see and what you hear depends a great deal on where you are standing. It also depends on what sort of person you are."

-- C.S. Lewis, author



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P.S. Please feel free to forward this commentary to family, friends, or colleagues. If you would like us to add them to the list, please reply to this e-mail with their e-mail address and we will ask for their permission to be added. Michael A. Poland, CFA® – Financial Advisor and Portfolio Manager. Mike is a Chartered Financial Analyst with a BA from Michigan State University and an MBA from the University of St. Thomas, in St. Paul, Minnesota. Mike has been in the financial service industry since 1989. Mike's prior experience was with PaineWebber, Merrill Lynch and Rehm Financial. Mike is a member of the CFA Society of West Michigan, and has served on the boards of The Builders Exchange of Grand Rapids and West Michigan, Mona Shores Education Foundation, and the West Michigan Symphony Orchestra. Mike lives in Norton Shores with his wife and three children.

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