US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.340 (11.7 bps)	Bond Buyer 40 Yield:	3.67 (8 bps)
6 Mo. T-Bill:	0.679 (13.5 bps)	Crude Oil Futures:	93.10 (+0.79)
1 Yr. T-Bill:	1.011 (14.9 bps)	Gold Spot:	1,858.76 (+50.48)
2 Yr. T-Note:	1.500 (19.0 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	1.725 (19.1 bps)	U.S. High Yield:	5.82 (19 bps)
5 Yr. T-Note:	1.854 (8.6 bps)	BB:	4.86 (20 bps)
10 Yr. T-Note:	1.937 (2.9 bps)	B:	6.15 (17 bps)
30 Yr. T-Bond:	2.239 (2.8 bps)		

US inflation accelerated to 7.5% in January, its highest level since 1982, from 7% in December, and has now increased in each of the last 5 months. Used-car prices jumped 40% from last January and were a major contributor to the overall increase, but price increases were broad-based in the latest reading of the Consumer Price Index. The report should embolden the Fed to begin raising interest rates at its March meeting, and potentially by more than its standard quarter-point increase. The market now sees about a 50-50 chance that the Fed will raise interest rates by 0.50% in March, as opposed to just 0.25%. Federal Reserve Bank of St. Louis President James Bullard said Thursday following the CPI report that the Fed needs to be “far more reactive” to the inflation data. The market also now sees 6 rate hikes in 2022, up from 5 the prior week and only three at the end of last year, highlighting that economic data released this year has only increased the urgency at which the Fed needs to raise interest rates. Concerns over inflation weighed on consumer sentiment with the latest reading of the Consumer Sentiment Index falling well below expectations to its lowest level since October 2011. The 10-year US Treasury yield reached 2% for the first time since 2019 last week on the inflation news. Yields pulled back on Friday, however, in a flight to safety on news that the U.S. believes Russia could soon invade Ukraine. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Tuesday: January PPI Final Demand MoM (0.5%, 0.2%), February Empire Manufacturing (12.0, -0.7); Wednesday: January Retail Sales Advance MoM (1.9%, -1.9%), January Industrial Production MoM (0.4%, -0.1%), February 11 MBA Mortgage Applications (N/A, -8.1%); Thursday: February 12 Initial Jobless Claims (220k, 223k), January Housing Starts (1698k, 1702k); Friday: January Existing Home Sales (6.10m, 6.18m), January Leading Index (0.2%, 0.8%).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	34,738.06 (-0.96%)	Strong Sectors:	Energy, Materials, Financials
S&P 500:	4,418.64 (-1.79%)		
S&P Midcap:	2,647.46 (0.95%)	Weak Sectors:	Comm Services, Info Tech, Real Estate
S&P Smallcap:	1,301.19 (1.40%)		
NASDAQ Comp:	13,791.15 (-2.16%)	NYSE Advance/Decline:	1,639 / 1,956
Russell 2000:	2,030.15 (1.42%)	NYSE New Highs/New Lows:	194 / 606
		AAII Bulls/Bears:	24.4% / 35.5%

Stocks clipped off -1.79% of value last week, measured by the S&P 500, after falling Friday and giving back gains attained during the first half of the week. Year to date, the index is down over 7% after the biggest two-day drop in 16 months. The three-front combination of higher-than-expected inflation data, Fed policy, and geopolitical panic surrounding tensions in Ukraine moved investors to take risk off on Thursday and Friday. During a press conference Friday afternoon, National Security Advisor Jake Sullivan said the U.S. believes Russia could take military action in Ukraine as early as next week. President Biden and Russian President Putin are scheduled to talk on Saturday as tensions in the region continue to escalate. The news caused oil to trade over $94 dollars a barrel, a level not seen since 2014. Energy stocks traded higher with oil prices. The sector returned over 2% last week, with **Baker Hughes** and **Valero Energy** posting the greatest gains within the sector. Shifting to Fed policy, the Federal Reserve Bank of New York released a purchase schedule for Treasury securities that carry out the central bank’s planned asset purchases originally released in late January. The schedule helped end speculation that the Fed could make an emergency move to combat fears of accelerating inflation. Supply chain issues have crept back into the headlines after S&P 500 component **Under Armour** warned the disruptions to its business will have “material impacts” to its coming seasons and potentially beyond. Corporate earnings continue to roll in with 62 companies in the S&P 500 scheduled to report next week. Looking ahead at the economic calendar; PPI, mortgage applications, and the FOMC January meeting minutes are all scheduled to be released next week.