

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.309 (1.8 bps)	Bond Buyer 40 Yield:	3.68 (1 bp)
6 Mo. T-Bill:	0.628 (-5.4 bps)	Crude Oil Futures:	115.68 (24.09)
1 Yr. T-Bill:	0.991 (-9.5 bps)	Gold Spot:	1,970.70 (81.36)
2 Yr. T-Note:	1.476 (-9.4 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	1.606 (-15.4 bps)	U.S. High Yield:	5.93 (13 bps)
5 Yr. T-Note:	1.637 (-22.8 bps)	BB:	4.88 (4 bps)
10 Yr. T-Note:	1.731 (-23.1 bps)	B:	6.32 (19 bps)
30 Yr. T-Bond:	2.155 (-11.8 bps)		

Federal Reserve Chairman Jerome Powell said last week he would support a quarter-percentage-point rate hike at the Fed's upcoming meeting on March 15-16 in what will be the Fed's first rate increase since 2018. Chairman Powell also said the Fed will need to tread carefully given Russia's recent invasion of Ukraine and its uncertain impact on the U.S. economy. The comments all but end speculation that the Fed would raise interest rates by 0.50% at the March meeting, but the larger rate hike was not ruled out for future meetings if inflation doesn't come down from current four-decade highs. The jobs report released last week showed the U.S. added 678,000 jobs in February, which was well above expectations. The unemployment rate fell from 4.0% in January to 3.8% in February, which was also better than expected and is just above the 3.5% rate reached in February 2020. Both readings of the ISM Manufacturing and Non-Manufacturing Indexes continued to indicate expansion in February. Supply chain issues and labor shortages remain a headwind for both, however, amid strong demand as the economy continues to reopen. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Tuesday: January Trade Balance (-\$87.4b, -\$80.7b), January Final Wholesale Inventories MoM (0.8%, 0.8%); Wednesday: March 4 MBA Mortgage Applications (N/A, -0.7%); Thursday: March 5 Initial Jobless Claims (220k, 215k), February CPI MoM (0.8%, 0.6%); Friday: March Preliminary U. of Mich. Sentiment (61.3, 62.8).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	33,614.80 (-1.23%)	Strong Sectors:	Energy, Utilities, Real Estate
S&P 500:	4,328.87 (-1.24%)	Weak Sectors:	Financials, Info Tech, Communication Services
S&P Midcap:	2,615.47 (-1.70%)	NYSE Advance/Decline:	1,600 / 1,963
S&P Smallcap:	1,299.07 (-0.87%)	NYSE New Highs/New Lows:	230 / 459
NASDAQ Comp:	13,313.44 (-2.76%)	AAll Bulls/Bears:	30.4% / 41.4%
Russell 2000:	2,000.90 (-1.92%)		

The S&P 500 Index returned -1.24% last week. After hitting its all-time closing high on the first day of trading this year, the index headed in the other direction and is currently down 8.94% year-to-date. Consumer discretionary, communication services, and information technology stocks make up approximately half of the index weight and have led the way down with all three sectors losing more than 13.9% this year. Though equities have shown a recent decline, February jobs data came in better than expected and the most recent U.S. initial jobless claims of 215K were lower than the consensus estimate of 225K and the previous week's claims of 232K. However, as supply chain issues, inflation, and future rate increases have raised concerns for equity investors this year, they are now digesting the conflict in Ukraine and the uncertainty of its effects here in the U.S. and the global economy. While financials and information technology led the way down last week, energy led all sectors to the upside posting a 9.31% return on the jump in oil prices as some politicians called for a ban of Russian crude oil imports over the conflict. Crude oil closed at \$115.68 per barrel on Friday, rising 26.30% for the week. Crude hasn't seen per barrel prices of \$100 or more since 2014. Energy stock **Occidental Petroleum Corp** posted the best performance in the S&P 500 Index last week, returning 44.94%. Other top performing energy names posting double digit returns last week included **Coterra Energy Inc.**, **APA Corp**, **Chevron Corp**, **Baker Hughes Company**, **EOG Inc.**, and **Kinder Morgan Inc**. Energy has returned 35.97% year-to-date and is the only sector in positive territory. Grocery chain **The Kroger Company** returned 26.86% last week after their earnings announcement revealed they beat expectations and indicated an optimistic outlook for 2022 growth. Several analysts raised their price targets for the stock after the announcement. Pennsylvania software company **EPAM Systems Inc.** was the worst performing stock in the S&P 500 Index last week with a -48.09% return. The stock price dropped substantially on Monday after pulling their guidance for first quarter and 2022 due to uncertainties caused by Russia's invasion. The company has 14,000 employees in the Ukraine, almost a quarter of their staff. Earnings announcements expected this week include **Oracle Corp**, **Ulta Beauty Inc.**, **Campbell Soup Company**, **Ciena Corp**, **Casey's General Stores Inc.**, among others.

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