



Weekly Market Commentary



THE WEEK IN REVIEW: March 20 - 26

Is the Fed about to go on the offensive in the war against inflation?

“Wall Street Worries That Fed Was Behind the Curve on Inflation.” That’s the headline from a [Reuters article](#) released Friday – and it sounds an awful lot like what we’ve been saying for a while now. The article cites analysts who say the Federal Reserve has moved too slowly, and now they’re going to have to get more aggressive to catch up.

How aggressive? According to the article, the Fed could make a total of 12 to 15 rate hikes in the coming months, increasing rates between 300 and 375 basis points (3.0% to 3.75%). That’s a pretty big jump from the [seven total increases](#) (1.75% to 2.0%) analysts have been saying we should expect this year.

And it seems like the Fed may be thinking that way, too. After bumping rates during the prior week’s meeting, on Monday, Chairman Jerome Powell [made comments](#) indicating the Fed could use “bigger-than-usual” hikes if it came to that.

These sharp moves increase the chances of a recession happening in 2022 – and could speed up the timeline, ushering in a recession well before the end of the year as originally anticipated. Investors: If you haven’t met with your financial advisor lately to review your plan and go over your portfolio for unnecessary risk, it’s probably a good idea to get on their schedule soon. We could be in for a rocky road ahead.

Stocks jump for second week in a row

It seems like it’s been a while since this has happened, but we actually had two weeks in a row of positive market returns. Cannabis companies were some of the big movers, after an industry report released last week indicated the House will vote in the next few days to [legalize cannabis nationwide](#). It’s the second time the House has taken up the issue; they passed a similar bill in 2020, but it was killed in the Senate. Energy companies also had a good week. Firms like [Coterra Energy](#) and [Phillips 66](#) saw big moves as concerns about energy continue to worry investors.



Job market tightens up

Initial unemployment claims fell to 187,000 last week, the lowest level since 1969. Will the job openings and employment report for March follow the drop? We won't have to wait long to find out. The ADP employment report for March is scheduled to be released Wednesday, followed by the updated unemployment rate on Friday.

Coming this week

- Are housing prices still elevated? That question will be answered with the Case-Shiller U.S. National Home Price Index and FHFA House Price Index reports coming Monday.
- The latest job openings number will be reported Tuesday. At last reading, the number was 11.3 million. With the latest COVID surge subsiding, it will be interesting to see if this number has come down.
- As mentioned earlier, on Wednesday, we'll get the ADP employment report for March. The latest unemployment rate will be released Friday.
- On Wednesday, we'll also get a revised reading of the GDP for fourth quarter 2021. The last reading came in at 7.0% quarterly growth.

Have a great week!

Tom Siomades, CFA®
Chief Investment Officer
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Weekly Numbers

| Index Performance Returns % | | | | | |
|-----------------------------|-------|--------|--------|--------|--------|
| | 1 WK | YTD | 1YR | 3 YRS | 5 YRS |
| S&P 500 | 2.46% | -5.16% | 16.23% | 17.30% | 14.04% |
| NASDAQ | 4.24% | -9.29% | 9.49% | 22.91% | 19.48% |
| DJIA | 0.66% | -4.49% | 7.06% | 10.82% | 11.00% |

| Interest Rates: | | |
|---------------------------------|--------------|--------------|
| | 3/25/2022 | 3/18/2022 |
| UST 10-YR Government Bond Yield | 2.49% | 2.15% |
| Germany 10 YR | 0.574% | 0.372% |
| Japan 10 YR | 0.240% | 0.208% |
| 30 YR Mortgage | 4.54% | 4.48% |
| Oil | \$113.26/ppb | \$103.57/ppb |
| Regular Gas | \$4.34/ppg | \$4.41/ppg |

All data as of March 25, 2022



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