WEEK IN REVIEW

March 11, 2022

The Bottom Line

- European equities were able to recover some losses for the week, but the rest of global equities were largely in the red as the conflict between Russia and Ukraine raged on.
- Bond yields steadily rose throughout the week, the yield on the 2-year UST Note was up 27bps and the yield on the 10-year rose by 26bps.
- Economic data releases for the week showed that inflation continues to rise at a breakneck pace and that open jobs are consistently hovering near record highs with the tight labor market. Looking ahead, market participants will be eagerly awaiting next week's FOMC interest rate decision.

Russia – Ukraine Conflict Remains Top of Mind

The conflict between Russia and Ukraine continued to steal traders' attention as market participants estimated the longer-term effects on the global economy due to increased input costs and increased geopolitical tensions. There was a small reprieve from the selling pressure in the middle of the week as hints of possible negotiations surfaced, but the conflict appears to be far from over. European equities, as measured by the STOXX Europe 600, were able to recover some of their losses this week, rising +2.23% for the week. Japanese equities, as measured by the Nikkei-225 fell by an additional -3.17% for the week. Domestic equities were broadly in the red for the week. The S&P 500 fell by -2.88% for the week. Small cap equities, as measured by the Russell 2000, were down -1.06% on the week. The tech-heavy Nasdaq Composite continued its downward spiral by falling -3.53% for the week. With the FOMC's rate decision meeting happening next Wednesday, market participants will be eagerly awaiting to see if Powell stays true to his word and raises interest rates by 25bps or less likely 50bps.

Digits & Did You Knows

DEFAULT – Russia announced on 8/17/1998 that it was unable to service its government debt (both short-term and long-term) with a face value of $45 billion, causing ripples in the global economy. The S&P 500 fell 11.6% (total return) within 2 weeks before recovering. From 8/17/1998-2/17/1999 (6 months), the S&P 500 was up +13.8% (total return), continuing a bull run that would end on 3/24/2000. (source: BTN Research).

BLUE BLOODS – On 2/26/2022, the top 6 men's teams in AP basketball poll – Gonzaga, Arizona, Auburn, Purdue, Kansas and Kentucky – all lost games on the same day for the first time in history. (source: ESPN, BTN Research).

Market Snapshot	Index Level	1-week Price Return	2022 Price Return
EQUITIES			
S&P 500	4,204.31	**-2.88%**	**-11.79%**
Nasdaq Composite	12,843.81	**-3.53%**	**-17.90%**
Russell 2000	1,979.67	**-1.06%**	**-11.83%**
Nikkei-225 (Japan)	25,162.78	**-3.17%**	**-12.60%**
STOXX Europe 600	431.17	**+2.23%**	**-11.61%**
RATES			
2-Year UST Note	1.74	27 bps	101 bps
10-Year UST Note	2.00	26 bps	49 bps

PRIME CAPITAL
WEALTH MANAGEMENT

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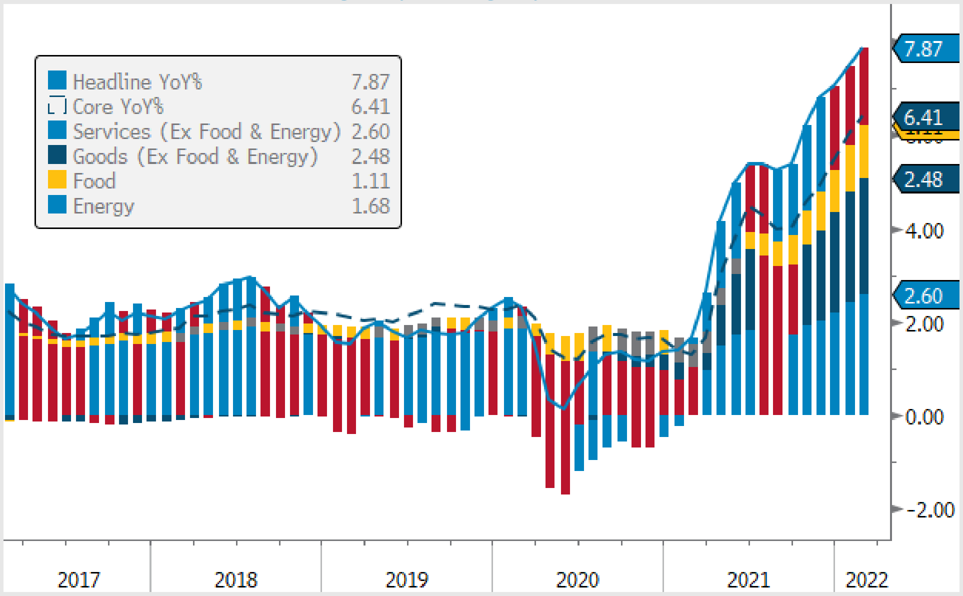
Chart of the Week

Inflation, as measured by the Consumer Price Index (CPI), landed in line with expectations of +7.9% on the year over year measure and +0.8% on the month over month. While it's encouraging to not see the measure come in above expectations, this reading illustrated that inflation continues to be persistent and it appears that the more volatile components of Food and Energy prices are starting to bleed over into the Core categories. Historically, a reading of this magnitude would likely lead to the Fed rising interest rates by 50bps, however, the effects of the conflict between Russia and Ukraine and the Fed's limited toolbox currently have all but erased the likelihood of a 50bps hike in favor for a 25bps when the FOMC meets next week for their rate decision.

CPI Screams Ahead

CPI Year over Year Change by Category



Source: Bureau of Labor Statistics, Bloomberg

Economic Rundown

- Coming in at its slowest pace in over a year, **Consumer Credit** missed expectations of $24.25b, landing at $6.84b.
- **NFIB Small Business Optimism** came in below expectations of 97.3 at 95.7.
- **US Trade Balance** deficit was larger than anticipated at $89.7b versus survey estimates of $87.3b.
- **Wholesale Inventories** landed right in line with expectations of +0.8%.
- Increasing for the first time in several weeks, **MBA Mortgage Applications** rose by 8.5% compared to -0.7% last week.
- **Job Openings Labor Turnover Survey (JOLTS)** came in well above expectations of 10.95m, landing at 11.26m.
- **CPI** Month over Month was in line with expectations of +0.8%.
- **Jobless Claims** slightly missed the mark this week, coming in at 227k versus expectations of 217k.
- **Household Change in Net Worth** rose to a record high in the final quarter of last year, increasing by $5.3 trillion.
- **Real Avg. Hourly Earnings** fell by -2.6% for the month of February.
- **U. of Mich. Sentiment** came in below expectations of 61.0, landing at 59.7.

The Week Ahead

Monday	• N/A
Tuesday	• Empire Manufacturing • PPI Final Demand • Total Net TIC Flows
Wednesday	• MBA Mortgage Applications • Retail Sales Advance • Import Price Index • FOMC Rate Decision
Thursday	• Housing Starts • Building Permits • Initial Jobless Claims • Industrial Production
Friday	• Existing Home Sales • Leading Index

Asset Class Performance

The Importance of Diversification. From period to period there is no certainty what investment will be the best performer… or the worst. Diversification mitigates the risk of relying on any single investment and offers a host of long-term benefits, such as lowering portfolio volatility, improving risk-adjusted returns, and helping investments to compound more effectively.

	Monday	Tuesday	Wednesday	Thursday	Friday	WEEK	
High	U.S. Bonds -0.58	Intl Equity 0.87	Intl Equity 4.18	Real Estate 0.24	U.S. Bonds -0.02	Small Value -0.46	High
	High Yield Bond -0.87	Small Growth 0.64	Mid Growth 3.89	Small Value 0.21	Intl Bonds -0.70	Intl Equity -0.55	
	Intl Bonds -1.53	Small Value 0.45	Large Growth 3.75	Mid Value 0.04	High Yield Bond -0.72	Real Estate -1.63	
	Small Value -2.05	Emg Markets 0.33	Small Growth 3.64	Large Value -0.11	Large Value -0.79	U.S. Bonds -1.71	
	Real Estate -2.05	60/40 Allocation -0.09	Emg Markets 2.83	U.S. Bonds -0.56	Real Estate -0.84	Small Growth -1.75	
	60/40 Allocation -2.15	Intl Bonds -0.11	Mid Value 2.11	Small Growth -0.62	60/40 Allocation -0.89	High Yield Bond -1.95	
	Large Value -2.29	Mid Value -0.16	Small Value 1.96	Mid Growth -0.69	Mid Value -0.92	Mid Value -1.96	
	Small Growth -2.87	High Yield Bond -0.35	60/40 Allocation 1.91	60/40 Allocation -0.70	Small Value -0.98	60/40 Allocation -1.98	
	Mid Value -2.98	U.S. Bonds -0.36	Large Value 1.79	Large Growth -0.79	Intl Equity -1.08	Intl Bonds -2.00	
	Intl Equity -3.17	Mid Growth -0.41	Real Estate 1.60	High Yield Bond -0.84	Large Growth -1.95	Large Value -2.23	
	Emg Markets -3.74	Real Estate -0.56	Intl Bonds 1.26	Intl Bonds -0.92	Emg Markets -2.09	Large Growth -3.56	
	Large Growth -3.91	Large Growth -0.56	High Yield Bond 0.83	Intl Equity -1.20	Small Growth -2.42	Mid Growth -4.32	
Low	Mid Growth -4.41	Large Value -0.81	U.S. Bonds -0.21	Emg Markets -1.87	Mid Growth -2.58	Emg Markets -4.59	Low

Source: Bloomberg. Asset-class performance is presented by using market returns from an exchange-traded fund (ETF) proxy that best represents its respective broad asset class. Returns shown are net of fund fees for and do not necessarily represent performance of specific mutual funds and/or exchange-traded funds recommended by the Prime Capital Investment Advisors. The performance of those funds may be substantially different than the performance of the broad asset classes and to proxy ETFs represented here. U.S. Bonds (iShares Core U.S. Aggregate Bond ETF); High-Yield Bond (iShares iBoxx $ High Yield Corporate Bond ETF); Intl Bonds (SPDR® Bloomberg Barclays International Corporate Bond ETF); Large Growth (iShares Russell 1000 Growth ETF); Large Value (iShares Russell 1000 Value ETF); Mid Growth (iShares Russell Mid-Cap Growth ETF); Mid Value (iShares Russell Mid-Cap Value ETF); Small Growth (iShares Russell 2000 Growth ETF); Small Value (iShares Russell 2000 Value ETF); Intl Equity (iShares MSCI EAFE ETF); Emg Markets (iShares MSCI Emerging Markets ETF); and Real Estate (iShares U.S. Real Estate ETF). The return displayed as "Allocation" is a weighted average of the ETF proxies shown as represented by: 30% U.S. Bonds, 5% International Bonds, 5% High Yield Bonds, 10% Large Growth, 10% Large Value, 4% Mid Growth, 4% Mid Value, 2% Small Growth, 2% Small Value, 31% International Stock, 7% Emerging Markets, 3% Real Estate.