

WEEK IN REVIEW



January 28, 2022

The Bottom Line

- US Markets were finally able to post a positive week in some areas but are still deeply in the red year to date. International equities were still negative on the week and the year thus far.
- Yields were volatile for the week, but the yield on the 2-Year US Treasury note settled +16bps and the yield on the 10-Year US Treasury note was only up +1bps for the week.
- Economic data for the week illustrated that the US economy grew at its fastest pace since the 1980s last year, but some concerning signs with consumer sentiment falling to its lowest level in a decade might give market participants pause for celebration.

Markets Rip Into the Weekend

Global equities seemed to pick up right where they left off with last week's market action, spending the majority of the week in the red. Suddenly, during the final hours of trading on Friday afternoon, domestic markets quickly reversed their downward trend and shot upward. The S&P 500 finished the week in the green, up +0.77% for the week, but still down -7.01% for the year thus far. The technology heavy Nasdaq Composite was also able to post a positive week, up +0.1% for the week and still down a dismal -11.98% year to date. Small Cap equities, as measured by the Russell 2000, weren't as fortunate as their larger peers. The Russell was down -0.98% for the week and -12.33% year to date. International equities couldn't rally as much as domestic equities, European equities, as measured by the STOXX Europe 600 were down -1.87% for the week and -4.56% for the year so far. Japanese equities, as measured by the Nikkei-225, fell -2.92% for the week and are down -7.20% for the year thus far. Looking to the week ahead, market participants will be eagerly awaiting the employment data release set for Friday morning, as well as some higher frequency inflation metrics early in the week.

Digits & Did You Knows

MAYBE THIS YEAR? –Of the 8 NFL teams remaining in the playoffs as of Friday 1/21/2022, 3 football teams have never won a Super Bowl – the Buffalo Bills, the Tennessee Titans, and the Cincinnati Bengals. (source: NFL, BTN Research).

A MILLION LESS –In the fall of 2019 (pre-pandemic), 15.47 million undergraduates were enrolled in college. In the fall of 2021, 14.44 million undergraduates were enrolled. (source: Nat'l Student Clearinghouse Research Ctr. BTN Research)

WHAT IS A BUBBLE? –The US stock market was worth \$53.4 trillion as of 12/31/2021, 2.3 times the size of our \$23.2 trillion economy. At the peak of the "Dot-Com" stock bubble in March 2000, the US stock market was worth 1.4 times the size of the US Economy (source: Fund Manager Julien Bittel, BTN Research)

Market Snapshot	Index Level	1-week Price Return	2022 Price Return
EQUITIES			
S&P 500	4,431.85	+0.77%	-7.01%
Nasdaq Composite	13,770.57	+0.01%	-11.98%
Russell 2000	1,968.51	-0.98%	-12.33%
Nikkei-225 (Japan)	26,717.34	-2.92%	-7.20%
STOXX Europe 600	465.55	-1.87%	-4.56%
RATES			
2-Year UST Note	1.16	16 bps	43 bps
10-Year UST Note	1.77	1 bps	26 bps



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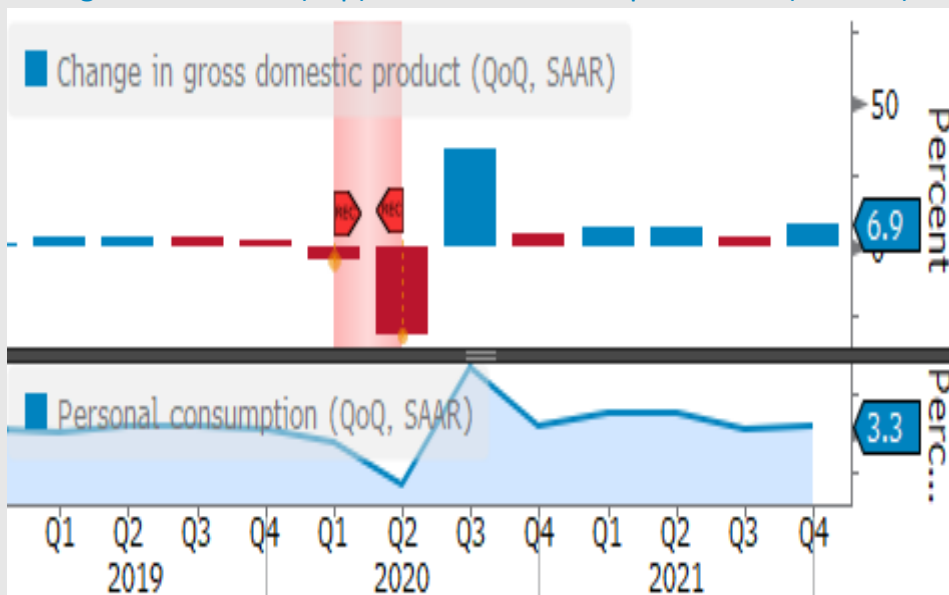


Chart of the Week

Smashing through expectations of +5.5% for the final quarter of the year, GDP rose by +6.9% on a quarter over quarter (QoQ) basis, making 2021 the strongest year for economic growth since the 1980s. Digging into the data, the jump was primarily caused by a rebuilding in inventories and not due to consumers increasing consumption, which has essentially flatlined since the summer of 2021. While the beat in expectations seems to be a good sign, the fact that it was propelled by inventory buildups late in the year may be a warning sign. If consumers' fears of a looming economic slowdown impact consumption, retailers may be stuck with products that they cannot sell, further exacerbating any fallout in economic expansion. Consumer sentiment, as measured by the U. of Mich.'s survey fell to its lowest level in a decade.

US Economy Ends 2021 on a High Note

Change in GDP QoQ (Top), Personal Consumption QoQ (Bottom)



Source: Bureau of Economic Analysis, Bloomberg

Economic Rundown

- Falling from the previous reading of +0.37, **Chicago Fed Nat Activity Index** came in at -0.15.
- **Markit US Manufacturing PMI** was softer than expectations of 56.7, landing at 55.0.
- **Markit US Servicing PMI** was also softer than expectations of 55.4, landing at 50.9.
- **FHFA House Price Index** came in above expectations of +1.0%, coming in at +1.1%.
- Beating expectations, **Conf. Board Consumer Confidence** landed at 113.8 versus estimates of 111.2.
- **Richmond Fed Manufact. Index** missed expectations of 14, coming in at 8.
- **MBA Mortgage Applications** fell from last week's reading of +2.3%, landing at -7.1%.
- **Wholesale Inventories** smashed through expectations of +1.2%, coming in at +2.1%.
- **New Home Sales** were stronger than expectations of 760k, landing at 811k for the month of December.

- **Durable Goods Orders** fell more than expected at -0.9%, estimates were for -0.6%.
- **GDP** climbed a whopping +6.9% for the final quarter of 2021, estimates were looking for 5.5%.

The Week Ahead

Monday	<ul style="list-style-type: none"> • MNI Chicago PMI • Dallas Fed Manf. Activity
Tuesday	<ul style="list-style-type: none"> • Wards Total Vehicle Sales • Markit US Manufacturing PMI • Construction Spending • ISM Manufacturing
Wednesday	<ul style="list-style-type: none"> • MBA Mortgage Applications • ADP Employment Change
Thursday	<ul style="list-style-type: none"> • Initial Jobless Claims • Markit US Composite PMI • Factory Orders • Durable Goods Orders
Friday	<ul style="list-style-type: none"> • Change in Nonfarm Payrolls • Unemployment Rate



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	Small Growth 3.17	U.S. Bonds -0.10	Large Growth 0.05	U.S. Bonds 0.33	Large Growth 3.52	Large Growth 1.18	High
	Mid Growth 1.98	Emg Markets -0.19	High Yield Bond -0.34	Large Value -0.29	Real Estate 3.11	Large Value 0.25	
	Small Value 1.79	High Yield Bond -0.29	Intl Equity -0.39	High Yield Bond -0.44	Mid Growth 3.01	Mid Value -0.02	
	Large Growth 0.80	Intl Bonds -0.35	Intl Bonds -0.55	Intl Equity -0.47	Small Growth 2.51	Real Estate -0.37	
	Mid Value 0.68	Large Value -0.40	U.S. Bonds -0.56	60/40 Allocation -0.48	Mid Value 1.61	U.S. Bonds -0.37	
	Large Value 0.17	Real Estate -0.45	60/40 Allocation -0.62	Intl Bonds -0.75	Large Value 1.47	Small Value -0.73	
	Real Estate 0.16	Small Value -0.57	Large Value -0.68	Mid Value -0.78	Small Value 1.39	Mid Growth -0.81	
	60/40 Allocation -0.03	Intl Equity -0.61	Mid Value -0.72	Large Growth -0.86	60/40 Allocation 0.94	60/40 Allocation -0.83	
	High Yield Bond -0.11	60/40 Allocation -0.63	Mid Growth -1.14	Emg Markets -1.16	Emg Markets 0.49	High Yield Bond -0.89	
	U.S. Bonds -0.12	Mid Value -0.78	Small Value -1.26	Mid Growth -1.43	Intl Equity 0.34	Small Growth -1.19	
	Intl Bonds -0.32	Large Growth -2.24	Emg Markets -1.27	Real Estate -1.50	High Yield Bond 0.28	Intl Equity -2.11	
	Intl Equity -1.00	Small Growth -2.53	Small Growth -1.61	Small Value -2.02	U.S. Bonds 0.07	Intl Bonds -2.25	
Low	Emg Markets -1.41	Mid Growth -3.10	Real Estate -1.62	Small Growth -2.58	Intl Bonds -0.30	Emg Markets -3.49	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.

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