

WEEK IN REVIEW



February 25, 2022

The Bottom Line

- Despite a swift and bloody selloff in global risk assets in the middle of the week, US Equities were able to post a weekly gain.
- Bond yields spiked during the first half of the week, but began moderating the final days of the week, the yield on the 2-Year rose 10bps and the 10-Year rose 3bps.
- Economic data releases were initially ignored by market participants on the news of Russia invading Ukraine, but traders started paying attention after GDP for the final quarter of 2021 landed in line with expectations and Personal Income and Spending was stronger than expected.

Russia Invades Ukraine, International Markets Selloff

Despite global markets initially selling off on the news that Russia was invading Ukraine, domestic equities were able to recover their losses sustained at the beginning of the week, and even posted a solid week in the green. The S&P 500 rose +0.82% for the week and the tech-heavy Nasdaq Composite was up even more, +1.08% for the week, but still deeply in the red for the year so far. Small Cap equities, as measured by the Russell 2000, were able to best the Nasdaq, climbing +1.57% for the week. International markets didn't fair as well as domestic equities. European equities, as measured by the STOXX Europe 600, fell -1.58% for the week as market participants priced in the potential impact the situation in Ukraine may have on European markets. Despite having several positive economic data releases, Japanese equities, as measured by the Nikkei-225, fell by -2.38% for the week. While traders in US markets have shaken off the potential impact of the conflict in Ukraine may have, market participants will closely watch any developments that may come in the next several days. Additionally, employment data releases next week should capture investors' attention.

Digits & Did You Knows

THE PRICE OF ELITE – The average 1-year cost of tuition, fees, room and board at a private 4-year American college for the 2021-2022 school year was \$50,580.. (source: College Board, BTN Research).

THE BIGGEST – The 4 largest monthly budget deficits in US history occurred over a 12-month stretch beginning in April 2020. The 4 months were April 2020 (\$738 billion deficit), May 2020 (\$399 billion deficit), June 2020 (\$864 billion deficit), and March 2021 (\$660 billion deficit). (source: Treasury Department, BTN Research)

Market Snapshot	Index Level	1-week Price Return	2022 Price Return
EQUITIES			
S&P 500	4,384.65	+0.82%	-8.00%
Nasdaq Composite	13,694.62	+1.08%	-12.47%
Russell 2000	2,040.93	+1.57%	-9.10%
Nikkei-225 (Japan)	26,476.50	-2.38%	-8.04%
STOXX Europe 600	453.53	-1.58%	-7.03%
RATES			
2-Year UST Note	1.57	10 bps	83 bps
10-Year UST Note	1.96	3 bps	45 bps



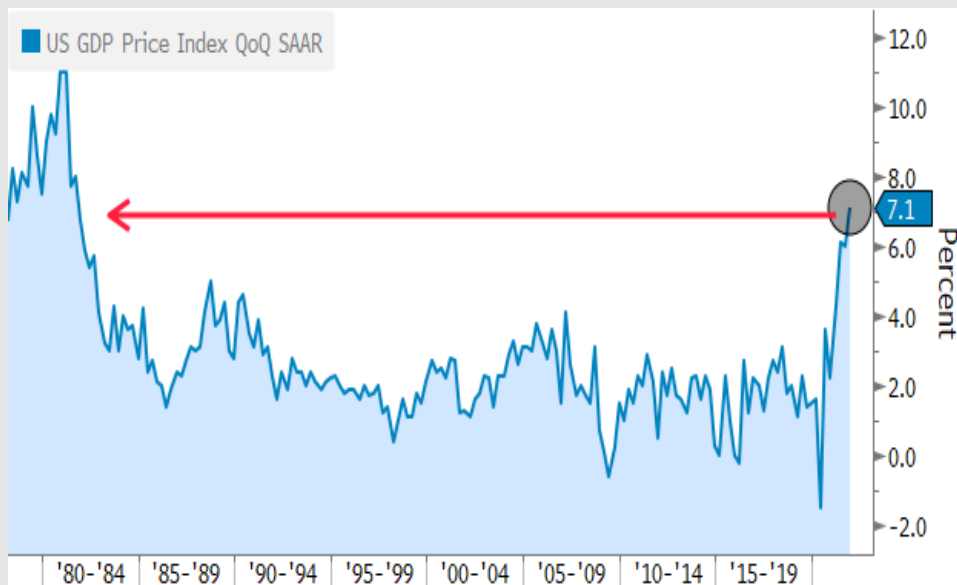
QUALIFIED
PLAN ADVISORS



Chart of the Week

With GDP meeting expectations of +7.0% for the final quarter of last year, market participants were able to breathe a brief sigh of relief. Digging into the data, personal consumption cooled from levels achieved earlier in the year but remained solid overall. The holiday spending season was one buoy to consumption numbers but given the jump in inventories in the latter part of the fourth quarter, it appears that consumers did shopping earlier than usual. Additionally, the GDP Price Index jumped to its highest level since 1981 on the back of the robust holiday season. This further illustrates that inflation is persistently running hotter and continues to add fuel to the fire that the Fed should reduce open market operations, as well as initiating the liftoff in interest rates in March.

GDP Price Index Jumps to Highest Level Since 1981 GDP Price Index Quarter over Quarter



Source: Bureau of Economic Analysis, Bloomberg

Economic Rundown

- Rising by more than expected, the **FHFA House Price Index** rose by +1.2% versus expectations of +1.0%.
- **Markit US Manufacturing PMI** came in hotter than anticipated at 57.5 versus estimates of 56.0.
- **Conf. Board Consumer Confidence** was slightly stronger than expectations of 110.0, coming in at 110.5.
- **Richmond Fed Manufact. Index** disappointed consensus of 10, landing at 1.
- Falling yet again, **MBA Mortgage Applications** plummeted by -13.1%, last week's reading fell by -5.4%.
- **Chicago Fed Nat Activity Index** came in above expectations of 0.16, coming in at 0.69.
- **Jobless Claims** were slightly below estimates of 235k, landing at 232k for the week.
- **GDP** for the fourth quarter of last year came in line with expectations of +7.0%.
- **New Home Sales** were slightly below expectations of 803k, landing at 801k.

- **Personal Income** was flat for January versus expectations of declining by -0.3% and **Personal Spending** was above expectations of +1.6%, landing at +2.1%.
- **U. of Mich. Sentiment** came in above expectations of 61.7, landing at 62.8.

The Week Ahead

Monday	<ul style="list-style-type: none"> • Wholesale Inventories • MNI Chicago PMI
Tuesday	<ul style="list-style-type: none"> • 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



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 -0.11	High Yield Bond -0.18	Mid Growth 4.25	Mid Value 2.93	Mid Growth 2.20	High
		High Yield Bond -0.23	Intl Bonds -0.18	Small Growth 4.07	Large Value 2.84	Small Growth 2.08	
		Real Estate -0.51	U.S. Bonds -0.45	Large Growth 3.23	Intl Equity 2.50	Real Estate 1.86	
		Intl Bonds -0.63	Intl Equity -0.82	Real Estate 1.77	Small Value 2.47	Small Value 1.14	
		60/40 Allocation -0.77	60/40 Allocation -1.02	Small Value 1.48	Real Estate 2.41	Large Growth 1.05	
		Large Value -0.84	Emg Markets -1.17	High Yield Bond 0.71	Mid Growth 2.08	Mid Value 0.88	
		Mid Value -1.09	Large Value -1.24	Mid Value 0.67	Small Growth 1.97	High Yield Bond 0.87	
		Intl Equity -1.17	Small Value -1.42	60/40 Allocation 0.30	Emg Markets 1.85	Large Value 0.84	
		Large Growth -1.33	Mid Value -1.58	U.S. Bonds 0.18	Large Growth 1.69	60/40 Allocation -0.04	
		Small Value -1.33	Real Estate -1.76	Large Value 0.13	60/40 Allocation 1.49	U.S. Bonds -0.27	
		Mid Growth -1.40	Small Growth -2.39	Intl Bonds -0.94	High Yield Bond 0.57	Intl Equity -0.88	
		Emg Markets -1.42	Large Growth -2.44	Intl Equity -1.34	Intl Bonds 0.51	Intl Bonds -1.25	
Low		Small Growth -1.46	Mid Growth -2.60	Emg Markets -2.06	U.S. Bonds 0.10	Emg Markets -2.81	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.

Advisory services offered through Prime Capital Investment Advisors, LLC. ("PCIA"), a Registered Investment Adviser. PCIA doing business as Prime Capital Wealth Management ("PCWM") and Qualified Plan Advisors ("QPA").



QUALIFIED PLAN ADVISORS