WEEK IN REVIEW

March 25, 2022

The Bottom Line

- Risk Assets continued to dig themselves out of their year-to-date hole, with most global indices posting a positive, or very slight negative week.
- Bond yields continued their climb higher, the yield on the 2-Year rose 35bps and the 10-Year was just behind it, climbing 34bps.
- Economic data releases were on the softer side and mainly focused on regional manufacturing data and real estate activity, which showed that buyers are being priced out of the market from high home prices and a climbing mortgage rate. Next week is jampacked with economic releases as the quarter comes to an end.

Markets Grind Higher

While the conflict between Russia and Ukraine remains at the back of market participants minds, domestic equities were able to post a solid week mostly in the green, albeit on low overall volume, which may indicate a lack of conviction in the market's steady upward trajectory over the past two weeks. The S&P 500 gained +1.79% for the week, now only down -4.68% for the year so far. The tech-heavy Nasdaq was able to best the S&P 500, climbing +1.98% for the week, but remains deeply in the red for the year at -9.43%. Small Cap equities, as measured by the Russell 2000 couldn't go positive for the week, falling -0.39% for the week. Japanese equities, as measured by the Nikkei-225 posted a robust week, climbing +4.93% for the week, but this wasn't enough to bring it positive for the year, the index is down -2.23% for 2022. European equities also fell for the week, down -0.23% despite news hitting the wire that the US and EU came to an agreement on liquid natural gas shipments as the EU fights to become less dependent on Russian energy export due to their invasion of Ukraine. Looking ahead, market participants will be eagerly awaiting US GDP data and employment data releases slated for the end of next week.

Digits & Did You Knows

WATER NEEDED – 74% of the land in the western United States (covering 9 states) is in a "severe drought" as of last Thursday 3/17/2022. (source: US Drought Monitor, BTN Research)

LEGAL OR NOT? – 18 US states have legalized the recreational use and sale of marijuana, although the use and sale of marijuana remains illegal at the federal level. (source: US News & World Report, BTN Research)

MID-POINT– 49% of the 157.8 million Form 1040s that were filed for tax year 2019 (a total of 77.9 million returns) reported less than $40,000 of adjusted gross income (source: IRS, BTN Research

Market Snapshot	Index Level	1-week Price Return	2022 Price Return
EQUITIES			
S&P 500	4,543.06	**+1.79%**	**-4.68%**
Nasdaq Composite	14,169.30	**+1.98%**	**-9.43%**
Russell 2000	2,077.98	**-0.39%**	**-7.45%**
Nikkei-225 (Japan)	28,149.84	**+4.93%**	**-2.23%**
STOXX Europe 600	453.55	**-0.23%**	**-7.02%**
RATES			
2-Year UST Note	2.29	35 bps	155 bps
10-Year UST Note	2.49	34 bps	98 bps

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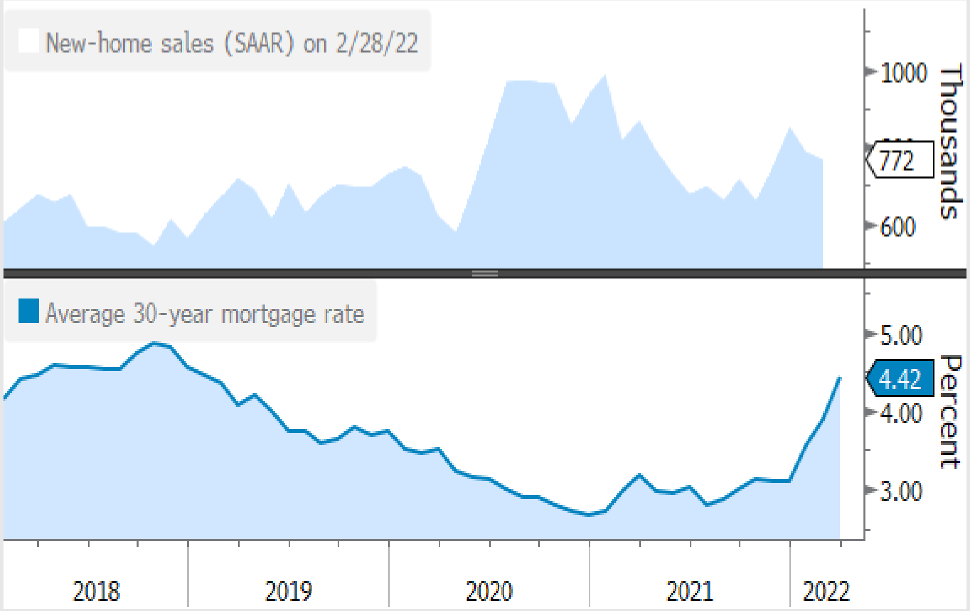
Chart of the Week

For the second month in a row, New Home Sales fell. For the month of February, New Home Sales missed expectations of 810k, landing at 772k. With home prices, both existing and new, sky-high and with a rapidly increasing average 30-year mortgage rate, the data is suggesting that some buyers are being priced out of the market. According to data from the Census Bureau, the median sales price of a new home increased 10.7% last month from the previous year, to an astounding $400,600. Home builders are also expecting sales to continue to falter throughout the year as inflation keeps builders' costs high and the Fed's monetary tightening policy will likely push the average mortgage rate even higher, pricing even more potential buyers out of the market.

New Home Sales Stumble as Mortgage Rates Climb

New Home Sales (Top) Avg. 30-Year Mortgage Rate (Bottom)



Source: US Census Bureau, Freddie Mac

Economic Rundown

- **Chicago Fed Nat Activity** missed the mark, coming in at 0.51 versus expectations of 0.54.
- **Richmond Fed Manuf. Activity** came in above expectations of 2, landing at 13.
- **MBA Mortgage Applications** fell from last week's reading of -1.2% to -8.1%.
- Coming in softer than expected, **New Home Sales** were 772k for the month of February, versus survey estimates of 810k.
- The US **Current Account Deficit** was slightly smaller than expectations of -$218.0b, landing at -$217.9b.
- **Initial Jobless Claims** came in below expectations of 210k at 187k.
- **Durable Goods Orders** contracted by more than expected at -2.2% versus expectations of -0.6%.
- **S&P Global US Manufacturing PMI** was stronger than expectations of 56.6, landing at 58.5. **S&P Global US Services PMI** also came in stronger than expectations of 56.0, coming in at 58.9.
- **Kansas City Fed Manf. Activity** smashed expectations of 26, landing at 37.
- **Pending Home Sales** fell by -4.1% missing expectations of a +1.0% increase.
- Missing expectations of 59.7, **U. of Mich. Sentiment** landed at 59.4.

The Week Ahead

Monday	• Wholesale Inventories
Tuesday	• FHFA House Price Index • Conf. Board consumer Confidence
Wednesday	• MBA Mortgage Applications • ADP Employment Change • GDP
Thursday	• Personal Income & Spending • Initial Jobless Claims • MNI Chicago PMI
Friday	• Change in Nonfarm Payrolls • Construction Spending • ISM Manufacturing

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Asset Class Performance

WEEK IN REVIEW

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	Large Value 0.20	Emg Markets 1.81	U.S. Bonds 0.41	Large Growth 1.87	Real Estate 1.17	Large Growth 1.67	High
	Mid Value 0.12	Mid Growth 1.73	Intl Bonds 0.05	Mid Growth 1.64	Large Value 0.95	Large Value 1.63	
	Small Value -0.23	Large Growth 1.72	High Yield Bond -0.32	Small Growth 1.33	Small Value 0.93	Mid Value 1.59	
	Large Growth -0.33	Small Growth 1.50	60/40 Allocation -0.64	Mid Value 1.14	Mid Value 0.93	Small Value 0.80	
	Real Estate -0.53	Intl Equity 0.94	Emg Markets -0.66	Large Value 1.00	Intl Equity 0.05	Real Estate 0.45	
	Intl Bonds -0.59	Small Value 0.65	Real Estate -1.08	Intl Equity 0.93	Large Growth -0.13	Intl Equity -0.01	
	Intl Equity -0.62	Large Value 0.63	Large Value -1.15	Small Value 0.88	60/40 Allocation -0.17	Mid Growth -0.20	
	60/40 Allocation -0.69	Mid Value 0.59	Mid Value -1.19	Real Estate 0.63	Intl Bonds -0.36	60/40 Allocation -0.34	
	U.S. Bonds -0.98	60/40 Allocation 0.58	Intl Equity -1.30	60/40 Allocation 0.59	Mid Growth -0.65	Emg Markets -0.68	
	Mid Growth -1.07	High Yield Bond 0.51	Small Value -1.42	Emg Markets 0.53	High Yield Bond -0.72	Intl Bonds -1.41	
	High Yield Bond -1.15	Real Estate 0.28	Large Growth -1.44	High Yield Bond 0.21	Small Growth -0.75	High Yield Bond -1.47	
	Emg Markets -1.54	U.S. Bonds -0.27	Mid Growth -1.80	Intl Bonds -0.19	Emg Markets -0.79	Small Growth -1.52	
Low	Small Growth -1.54	Intl Bonds -0.31	Small Growth -2.01	U.S. Bonds -0.22	U.S. Bonds -0.79	U.S. Bonds -1.85	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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