



The S&P 500 fell by -1.24%, following a second week of the Russia-Ukraine crisis, coupled with long-term Treasuries gaining 2.63% as the Fed tempered their first upcoming rate hike. Sowell's tactical signals currently remain in negative territory due to the global uncertainty, extreme concerns for the Ukraine invasion, and expected rise in inflation fears. U.S. Treasuries rallied while defensive sectors (i.e. Energy, Utilities, and Consumer Staples) posted positive gains, as markets continue to seek safe harbor. It is anyone's guess how long this conflict will last as Americans are prepared to make sacrifices based on the latest NPR/PBS NewsHour/Marist Poll indicating 69% of Americans support sanctions against Russia even if energy prices rise. Simmering below the crisis are strong demand fundamentals and a healthy jobs market with the participation rate improved alongside the fall in unemployment.

GAUGE OF THE GRADE



BEARISH



NEUTRAL

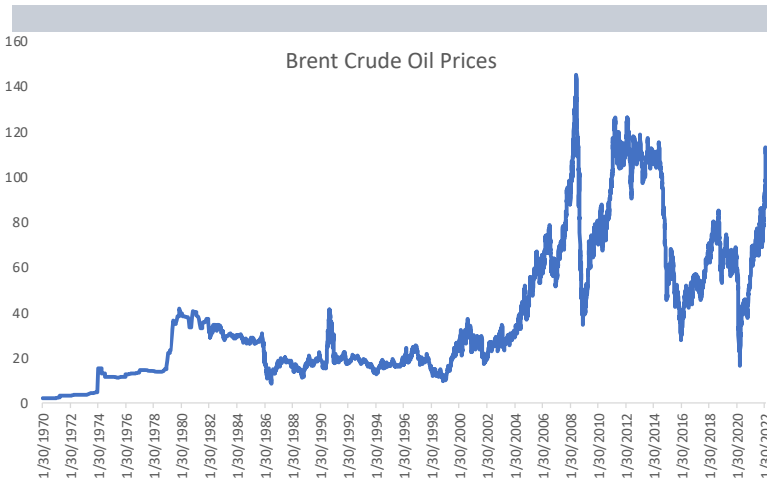


BULLISH

Equity markets ended the week lower as the Russian invasion of Ukraine continued to drive volatility. Commodity prices surged on supply disruptions as oil prices broke through \$110 a barrel. The energy sector outperformed while technology, financials, consumer discretionary, and communication services lagged. Expanded sanctions on Russia caused the value of the Russian ruble against the dollar to fall to record lows and credit rating agencies downgraded Russia's credit to below investment grade. On the economic front, Fed Chair Jerome Powell told Congress that he would support a 25-basis point rate hike at Fed's next meeting later this month. The Fed Chair also mentioned that the economic impact of the Russian invasion is too early to determine and that the Fed will move carefully on monetary policy. The flight to safety of US Treasuries lowered the 10-year US Treasury yield to below 1.75%.

This week, we will get a slew of economic data. On Wednesday, the Labor Department releases its January job openings and labor turnover survey (JOLTS). Job openings have been at all-time highs, and it is expected that in January it will stay high. The US Bureau of Labor Statistics releases its latest Consumer Price Index (CPI) on Thursday. Prices have been rising at the fastest pace in 40 years and February numbers are not expected to change that. On Friday, the University of Michigan will release its preliminary reading of consumer sentiment for March. Consumer confidence has been low and is expected to stay low as inflation has been eating into

consumers' pockets. More companies will be reporting earnings. Notable companies reporting are Campbell Soup Company, Petco, Rivian, WeWork, and DocuSign.



The human toll of Russia's invasion of Ukraine is devastating and growing. On the economic front, the effects are already global. Now the fear for the global economy is stagflation where economies are likely to experience a fall in demand and a continued increase in input costs. With oil prices above \$110 per barrel, inflationary pressures will continue to drive prices higher. There are two scenarios on how this could play out. The optimistic scenario is the announcement of a ceasefire, and energy prices stabilize around current levels. Expect a small hit on economic growth and the Fed will continue its plans to tighten monetary policy. In the grimmer scenario, the conflict continues, and more sanctions are imposed on Russia. Here, energy prices go higher, inflation is soaring, and the possibility of oil supply chain disruptions push longer-term inflation expectations higher. Higher energy prices and lower consumer confidence will slow economic growth. In this scenario, the Fed is in a tough position because it wants to lower inflation by raising rates but at the same time does not want to accelerate the slowing of the economy. Source: Refinitiv DataStream

MONDAY MARCH 7, 2022	
Consumer Credit	
Employment Trends Index	
China FX Reserves	
Ciena, and Squarespace earnings	
TUESDAY MARCH 8, 2022	
Trade Balance	
Wholesale Inventories	
API Weekly Crude Oil Stock	
Dick's Sporting Goods, Guidewire, Petco, and Stitch Fix earnings	
WEDNESDAY MARCH 9, 2022	
Mortgage Market Index	
Gasoline Inventories and Production	
Job Openings	
Campbell Soup, Credo Technology, CrowdStrike, Exelon, Korn Ferry, and Thor earnings	
THURSDAY MARCH 10, 2022	
Initial jobless claims (weekly)	
Continuing jobless claims	
CPI and Core CPI Index	
Real Earnings	
DocuSign, JD.com, Oracle, Rivian Automotive, and Ulta Beauty earnings	
FRIDAY MARCH 11, 2022	
UoM Inflation Expectations	
UoM Consumer Expectations	
EU Leaders Summit	
Value Line, and WeWork earnings	

SELECT INDICES						
	YTD Daily	1 Wk Daily	1 Mo Daily	3 Mo Daily	1 Yr Daily	3 Yr Annualized Daily
S&P 500 Index	(8.94)	(1.24)	(3.67)	(4.29)	16.49	17.73
S&P 500 Growth Index	(14.38)	(2.06)	(5.89)	(10.52)	16.90	20.73
S&P 500 Value Index	(2.89)	(0.42)	(1.38)	2.82	15.47	13.43
Bloomberg US Agg Bond	(3.09)	0.95	(0.04)	(3.65)	(1.79)	3.36
Bloomberg Long Term US Treasury	(5.09)	2.63	1.10	(7.94)	2.45	7.16
Basic Materials	(7.20)	(0.87)	1.91	(0.34)	18.04	17.83
Communication Services	(15.74)	(3.15)	(7.20)	(12.94)	(6.74)	14.69
Consumer Cyclical	(16.77)	(3.31)	(7.21)	(14.61)	4.76	20.11
Consumer Defensive	(1.94)	0.41	0.73	5.19	22.39	16.16
Energy	34.53	9.59	9.77	37.28	55.01	9.71
Financial Services	(6.90)	(5.49)	(7.98)	(3.35)	8.20	13.47
Healthcare	(7.42)	0.70	(0.11)	0.14	15.01	14.20
Industrials	(6.84)	0.69	0.01	(3.06)	9.69	12.10
Real Estate	(9.67)	1.03	(0.33)	(2.16)	25.24	10.49
Technology	(15.14)	(3.11)	(5.74)	(11.03)	17.75	28.85

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