



Following Monday's down day, equity markets surged for the next 4-days with the S&P 500 gaining 6.2% for the week as the Fed hiked rates by a modest 0.25% instead of the originally anticipated 0.50%. With U.S. inflation currently at an annual rate of 7.9%, the highest in 40 years, and overall market uncertainty, Sowell's tactical signals remain in cautious territory. As the Russia-Ukraine siege continues to instill global uncertainty, market volatility will likely persist.

GAUGE OF THE GRADE



BEARISH



NEUTRAL

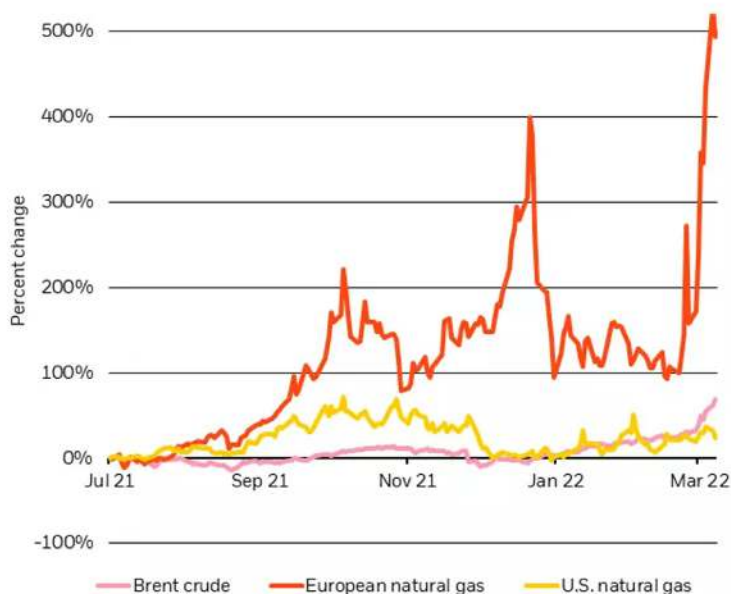


BULLISH

The equity market had its best week since late 2020 as lower oil prices, the Fed's decision on interest rates, and talks between Ukraine and Russia helped push stocks higher. Equity market gains were widespread, with the technology-heavy Nasdaq outperforming. The Producer Price Index (PPI) data for February came in below expectations, and investors viewed this as a sign that inflationary pressures are easing. And that would mean the Federal Reserve wouldn't need to be as aggressive in tightening monetary policy. A decline in crude prices over the week also gave sentiment to lower inflationary pressures in the future. Russia and Ukraine held talks, trying to find a diplomatic solution to the conflict, although nothing concrete emerged. On the economic front, retail sales data disappointed while the job market stayed strong. Amid a rising-rate environment and high inflation, prices of government bonds fell, sending yields higher. The yield of the 10-year U.S. Treasury rose to about 2.15% on Friday.

With the Fed raising interest rates, higher borrowing costs will likely weigh on the housing market through higher mortgage rates. We will get more data on the housing market with new and pending home sales this Wednesday. Consumer sentiment has been falling, and on Friday, we will see if sentiment continues to fall with the University of Michigan's final reading of its March Consumer

SOURCE: <https://www.blackrock.com/corporate/insights/blackrock-investment-institute/publications/weekly-commentary>



Federal Reserve Chair Jerome Powell gave investors something to cheer about when he said that his first interest rate in four years wouldn't throw the economy off its course. The Federal Reserve raised rates by a quarter-point on Wednesday as anticipated. The Fed Chair touted the strength of the U.S. economy and stated that the probability of a recession in the next year was not "particularly elevated." Strong employment, rising wages, robust consumer spending, and healthy household balance sheets support a strong U.S. economy. The economic situation in Europe may be different. The energy shock of the Ukraine war has had a much bigger impact on Europe because Europe relied on natural gas from Russia. Natural gas prices (Chart) in Europe have surged dramatically in the recent period. The overall high energy prices in Europe might push Europe's economy into a recession. The U.S. is in a better position because of its current strength of the economy and the lesser impact from the energy shock relative to Europe.

Sentiment Index. Higher inflation and the Ukraine-Russia war are expected to continue to take a toll on consumer sentiment.

MONDAY MARCH 21, 2022	
Fed Chair Powell Speaks at National Association for Business Economics (NABE)	
Russia Trade Balance	
China Industrial Production	
Dave, Nike, and Tencent Music Entertainment earnings	
TUESDAY MARCH 22, 2022	
API Weekly Crude Oil Stock	
Redbook	
Euro Zone Construction Activity	
Adobe, Carnival, Lithium Americas, and Snap One earnings	
WEDNESDAY MARCH 23, 2022	
Gasoline Inventories	
New Home Sales	
Mortgage Market Index	
Darden, Factset, and Neogen earnings	
THURSDAY MARCH 24, 2022	
Initial jobless claims (weekly)	
Continuing jobless claims	
Durable Goods Orders	
Mfg PMI	
Accenture, Dollar General, FedEx, GameStop, and Warby Parker earnings	
FRIDAY MARCH 25, 2022	
UMich Consumer Sentiment	
Pending Home Sales	
UMich 5-Yr Inflation Expectations	

SELECT INDICES						
	YTD Daily	1 Wk Daily	1 Mo Daily	3 Mo Daily	1 Yr Daily	3 Yr Annualized Daily
S&P 500 Index	(6.05)	6.19	2.76	(3.05)	15.60	18.36
S&P 500 Growth Index	(10.41)	8.18	3.51	(7.51)	18.88	22.05
S&P 500 Value Index	(1.20)	4.25	2.00	1.90	11.78	13.39
Bloomberg US Agg Bond	(5.16)	(0.39)	(1.54)	(5.37)	(3.08)	2.36
Bloomberg Long Term US Treasury	(9.66)	(1.25)	(3.28)	(10.71)	0.83	4.81
Basic Materials	(3.91)	4.97	3.70	0.06	13.77	19.17
Communication Services	(13.31)	6.27	1.40	(11.82)	(6.41)	14.60
Consumer Cyclical	(11.75)	9.19	0.67	(7.54)	4.61	22.21
Consumer Defensive	(3.24)	4.54	(1.10)	0.01	15.77	14.90
Energy	32.57	(3.09)	9.80	37.07	57.44	8.96
Financial Services	(2.04)	7.49	(0.58)	0.02	8.73	14.74
Healthcare	(4.17)	6.49	7.09	(2.05)	15.00	15.32
Industrials	(3.84)	5.26	4.80	(0.06)	6.34	13.54
Real Estate	(8.52)	2.89	4.35	(4.41)	18.79	10.57
Technology	(11.73)	8.34	2.44	(8.52)	19.40	29.40
Utilities	(1.06)	0.73	6.86	1.91	17.14	9.39

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