



THE WEEK IN REVIEW

Major U.S. equity averages moved lower this week as concerns about elevated inflation and higher interest rates continued to weigh on investor sentiment. The Dow Jones Industrial Average endured a seventh consecutive weekly loss. The S&P 500 declined 4.6% Monday through Thursday before climbing 2.4% today as dip-buyers emerged. Recent declines have been particularly steep for growth-oriented areas of the market, with the technology-heavy Nasdaq extending its year-to-date decline to 24.5%.

West Texas Intermediate (WTI) crude oil futures climbed 6.7% to eclipse \$110 in late trading today. On Monday, leaders of the Group of Seven nations committed to a ban on Russian oil imports in a continued effort to punish Moscow for its invasion of Ukraine. The European Union tempered its proposed energy sanctions against Russia amid opposition from Hungary. Reports emerged throughout the week of disruptions to Russian natural gas supplies flowing through Ukraine. On Thursday, Federal Reserve Chair Jerome Powell reiterated policymakers' intention to raise the policy rate by 0.50% at the Fed's meetings in June and July. Bitcoin briefly fell below \$27,000 early Thursday to its lowest level since December 2020 amid the wider market selloff and concerns about the viability of TerraUSD, a popular stablecoin designed to be pegged to the U.S. dollar. According to CoinGecko.com, the market capitalization of the global cryptocurrency asset class is now around \$1.5 trillion, down 50% from last November.

On the economic front, the U.S. consumer price index (CPI), rose 0.3% in April and 8.3% from a year ago. April's year-over-year CPI reading marked a slightly slower pace than in March but remained near a 40-year high. Much of the deceleration came from lower gasoline prices following sharp spikes in March after Russia's invasion of Ukraine. Core CPI, which excludes food and energy, increased 6.2% year over year in April. The U.S. producer price index (PPI), which measures the cost of inputs used by manufacturers, rose 0.5% in April and 11.0% from one year ago. While both CPI and PPI moderated from March, persistent supply chain inflation continued to weigh on consumers and producers. The NFIB small business optimism index was unchanged from March to April at 93.2, its fourth consecutive month below its 30-year average of 98.2. The report showed U.S. small business owners are still struggling with inflation and finding quality workers to fill open positions. The University of Michigan consumer sentiment index fell more than expected to 59.1 from 65.2 in April, its lowest level since 2011. Higher prices for most household items lowered U.S. consumers' view of the economy's near-term trajectory.

ECONOMIC INDICATOR	LATEST	3MO PRIOR	CHANGE
NFIB Small Business Optimism	93.2	97.1	▼
Consumer Price Index (Y/Y)	8.3%	7.5%	▲
Producer Price Index (Y/Y)	11.0%	10.1%	▲
U. of Mich. Consumer Sentiment	59.1	62.8	▼

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	32196.66	-2.14%	-11.40%	-5.36%
NASDAQ	11805.00	-2.80%	-24.54%	-10.06%
S&P 500	4023.89	-2.41%	-15.57%	-2.15%
MSCI EAFE	1909.42	-3.21%	-18.26%	-15.30%
Bbg Barclays Aggregate US	2134.75	1.29%	-9.36%	-8.09%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	0.96%	0.74%	0.01%
10-Year Treasury	2.93%	2.70%	1.66%

REPORTS DUE NEXT WEEK	LATEST
Retail Sales (M/M)	0.7%
Industrial Production (M/M)	0.9%
Building Permits (Millions Annualized)	1.870
Housing Starts (Millions Annualized)	1.793
Existing Home Sales (Millions Annualized)	5.770

Price returns as of the last available closing data. Source data: Bloomberg and Morningstar are believed to be correct but not verified.