



Equities

U.S. stocks remained highly volatile as the S&P 500 plunged below 4,000 before rebounding on Fri. Factor performance continues to tell the story, with the riskiest growth stocks leading the market lower and profitable dividend-payers holding up best. For the first time since spring 2020, the S&P 500 forward P/E ratio finished the week below 17x - a 30th percentile reading versus the past 5 years as financial conditions tighten rapidly. Earnings forecasts have held up after a strong Q1 and will take center-stage as markets grapple with a potential growth slowdown. Stocks in Europe declined -1.04% and have outperformed their U.S. counterparts by nearly 6% over the past month.

Fixed income

Bonds rallied, with the 10-year Treasury yield falling back below 3%. Breakeven inflation expectations fell sharply despite an above-consensus CPI report as real interest rates continue to be the primary driver of higher nominal yields. The Barclays Agg reprised its role as a hedge to equities, if only temporarily, and gained 0.89% on the week. High yield bonds declined -1.21% as spreads approached 500 bps while leveraged loans shed -1.79%.

Commodities

Crude oil endured another volatile week of trading, plunging alongside risk assets mid-week before rebounding to \$110/bbl to end the week. An EU ban on Russian oil remains up in the air amid handwringing from some countries and outright opposition from Hungary. Refinery margins have soared to a record high of above \$50/bbl, meaning prices of refined products such as gasoline, diesel, and jet fuel have risen much by much more than even the elevated price of crude would suggest.

Economic overview

The April CPI report showed inflation is still firmly entrenched, with the core index rising 0.6% m/m (6.2% y/y) and headline 0.3% m/m (8.3% y/y). The composition of inflation is shifting as pandemic effects fade, with goods price gains moderating and stickier services prices grinding higher. While a 19% surge in airfares was responsible for much of the upside surprise, the report is unlikely to offer the Fed any comfort. The UMich Consumer Sentiment Index plunged to 59.1, the lowest level since 2011 as inflation continues to weigh heavily on households.

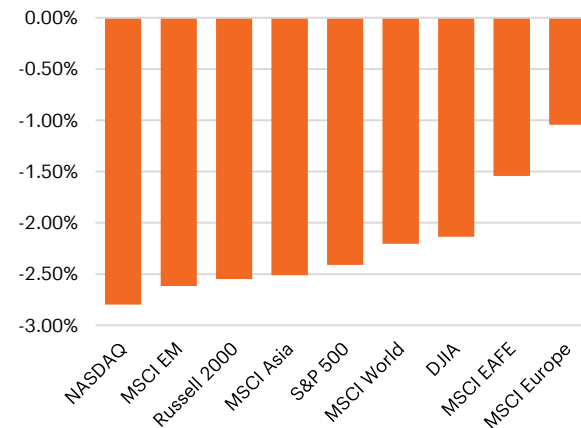
| Equities (price index) | | MTD | QTD | YTD | 2021 |
|------------------------|-----------|--------|---------|---------|--------|
| S&P 500 | 4,023.89 | -2.61% | -11.18% | -15.57% | 26.89% |
| DJIA | 32,196.66 | -2.37% | -7.16% | -11.40% | 18.73% |
| NASDAQ | 11,805.00 | -4.29% | -16.99% | -24.54% | 21.39% |
| Russell 2000 | 1,792.67 | -3.83% | -13.40% | -20.16% | 13.70% |
| MSCI World | 2,701.33 | -3.37% | -11.52% | -16.41% | 20.14% |
| MSCI Europe | 1,715.68 | -5.09% | -10.98% | -18.04% | 13.75% |
| MSCI EAFE | 1,942.38 | -4.49% | -10.97% | -16.85% | 8.78% |
| MSCI Asia | 160.07 | -5.17% | -11.29% | -17.11% | -3.40% |
| MSCI EM | 1,004.52 | -6.66% | -12.02% | -18.46% | -4.59% |
| VIX | 28.87 | -4.53 | 8.31 | 11.65 | -5.53 |

| Fixed income (total return index) | | MTD | QTD | YTD | 2021 |
|-----------------------------------|----------|--------|--------|---------|--------|
| Barclays U.S. Agg | 2,126.42 | -0.23% | -4.02% | -9.71% | -1.54% |
| Inv. grade bonds | 3,052.54 | -0.73% | -6.15% | -13.37% | -1.04% |
| High yield bonds | 2,205.27 | -2.38% | -5.85% | -10.41% | 5.28% |
| Leveraged Loans | 3,240.35 | -2.38% | -2.17% | -2.27% | 5.20% |

| Alternatives (total return index) | | MTD | QTD | YTD | 2021 |
|-----------------------------------|-----------|--------|---------|---------|--------|
| FTSE NAREIT | 24,318.28 | -6.93% | -10.33% | -15.05% | |
| REIT Index | | | | | 41.30% |
| GS Commodity Index | 759.68 | 0.39% | 4.90% | 35.37% | 37.05% |
| Alerian MLP Index | 1,361.55 | 0.74% | 0.65% | 19.58% | 40.17% |
| HFRX Global* | 1,370.98 | -1.99% | -2.87% | -4.19% | 3.65% |

*1-day lag

Last week's equity returns



| Commodities | | MTD | QTD | YTD | 2021 |
|-------------|----------|--------|--------|---------|--------|
| WTI Crude | \$110.49 | 5.54% | 10.18% | 46.91% | 55.01% |
| Brent Crude | \$111.55 | 2.02% | 3.37% | 43.42% | 50.15% |
| Natural Gas | \$7.66 | 5.78% | 35.82% | 105.44% | 46.91% |
| Gold | \$1,808 | -5.41% | -7.23% | -1.12% | -3.51% |

Currency

| | | MTD | QTD | YTD | 2021 |
|--------------------|--------|---------|---------|---------|--------|
| Dollar Index (DXY) | 104.56 | 1.56% | 6.36% | 9.30% | 6.37% |
| USDCNY | 6.79 | 2.73% | 7.09% | 6.81% | -2.62% |
| Bitcoin | 29,760 | -22.37% | -34.98% | -35.77% | 59.79% |

Spreads

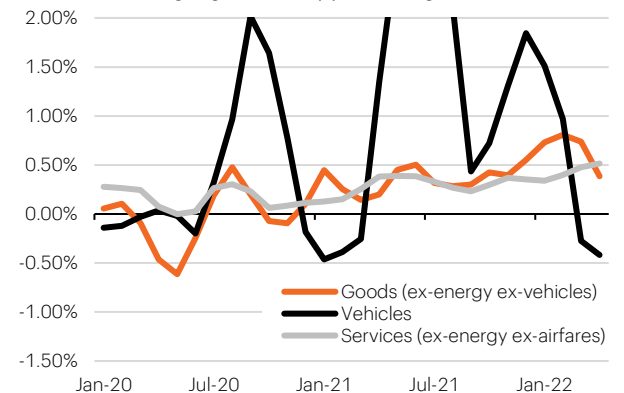
| | MTD | QTD | YTD | 2021 |
|------------------|---------|--------|---------|---------|
| Inv. grade bonds | 141 bps | 6 bps | 25 bps | 49 bps |
| High yield bonds | 452 bps | 73 bps | 127 bps | 169 bps |
| Leveraged loans | 471 bps | 55 bps | 41 bps | 60 bps |
| Emerging markets | 366 bps | 28 bps | 46 bps | 69 bps |

Interest rates

| | MTD | QTD | YTD | 2021 |
|-------------------|--------|---------|---------|---------|
| Fed Funds Target | 0.875% | 0.875% | 0.875% | 0.875% |
| SOFR | 0.79% | 51 bps | 50 bps | 74 bps |
| 3-month LIBOR* | 1.41% | 8 bps | 45 bps | 120 bps |
| 2-year Treasury | 2.58% | -14 bps | 24 bps | 185 bps |
| 10-year Treasury | 2.92% | -2 bps | 58 bps | 141 bps |
| 30-year Treasury | 3.08% | 8 bps | 63 bps | 118 bps |
| Barclays U.S. Agg | 3.48% | 0 bps | 56 bps | 173 bps |
| Inv. grade bonds | 4.38% | 7 bps | 78 bps | 205 bps |
| High yield bonds | 7.61% | 63 bps | 160 bps | 340 bps |

Different drivers, same inflation

CPI - 3mo. moving avg. of monthly price changes



Source: U.S. Bureau of Labor Statistics, as of April 30, 2022.

Equities

S&P 500: Leading single benchmark of large-cap U.S. equities, representing approximately 500 of the largest U.S. companies. **Dow Jones Industrial Average:** Price-weighted measure of 30 U.S. blue-chip companies. **NASDAQ:** Stock market index of stocks listed on the NASDAQ. Index is heavily weighted toward technology companies. **Russell 2000:** Index measuring performance of approximately 2,000 small-cap U.S. equities. **MSCI World Index:** Broad global equity benchmark including both developed and emerging markets. **MSCI Europe Index:** Equity benchmark that measures the performance of large and mid-cap equities across 15 developed countries in Europe. **MSCI EAFE Index:** Equity benchmark that represents the performance of large and mid-cap securities across 21 developed markets, including countries in Europe, Australasia and the Far East. **MSCI Asia Index:** Equity benchmark that captures large and mid-cap representation across developed market countries and emerging market countries in Asia. **MSCI Emerging Markets Index:** Equity benchmark representing 24 developing or emerging market countries, representing 10% of world market cap. For more info on these MSCI indices, visit MSCI.com. **CBOE Volatility Index (VIX):** Key measure of market expectations of near-term volatility conveyed by S&P 500 stock option price.

Credit

Bloomberg Barclays U.S. Aggregate Bond Index: Broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. **Bloomberg Barclays U.S. Corporate Index:** Measures the USD-denominated, investment-grade, fixed-rate bond market. **Bloomberg Barclays U.S. Corporate High Yield Index:** Measures the USD-denominated, high yield, fixed-rate bond market. **S&P/LSTA U.S. Leveraged Loan Index:** Market value-weighted index designed to measure the performance of the U.S. leveraged loan market.

Alternatives

FTSE NAREIT All Equity REITs Index: Free-float adjusted market cap-weighted index that includes all tax-qualified REITs listed in the NYSE, AMEX, and NASDAQ. **S&P GSCI:** First major investable commodity index. It is one of the most widely recognized benchmarks that is broad-based and production-weighted to represent the global commodity market beta. **Alerian MLP Index:** Leading gauge of energy MLPs, representing about 85% of total industry market cap. **HFRX Global Hedge Fund Index:** Index designed to be representative of the overall composition of the hedge fund universe, comprised of all eligible hedge fund strategies.

Commodities

Generic 1st Crude Oil (WTI Crude): Front-month West Texas Intermediate Crude Oil futures. **Generic 1st Brent Crude Oil (Brent Crude):** Front-month Brent Crude futures. **Generic 1st Natural Gas:** Front-month natural gas futures. **Generic 1st Gold, 100 oz:** Front-month gold (100 oz) futures.

Currency

Dollar Spot Index: Indicates the general international value of the USD by averaging the exchange rates between the USD and major world currencies. **USDCNY:** price of 1 USD in CNY (the Chinese renminbi, or yuan). **Bitcoin:** price of 1 Bitcoin in USD.

Spreads

Bloomberg Barclays U.S. Corporate Index: Measures the USD-denominated, investment grade, fixed-rate, taxable bond market. **Bloomberg Barclays U.S. Corporate High Yield Index:** Measures the USD-denominated, high yield, fixed-rate bond market. **Bloomberg S&P/LSTA U.S. Leveraged Loan Index:** Market value-weighted index designed to measure the performance of the U.S. leveraged loan market. **Barclays EM USD Aggregate Index:** Flagship hard currency emerging market debt benchmark that includes USD-denominated debt from sovereign, quasi-sovereign and corporate EM issuers.

Interest rates

Fed funds target: Target rate for the federal funds policy rate, set by the Federal Reserve each meeting. This rate is an “overnight rate,” i.e., it is the rate charged by depository institutions (banks) to each other for overnight loans. **SOFR:** Secured Overnight Financing Rate (SOFR) measures the cost of borrowing cash overnight collateralized by Treasuries. **ICE 3-Month London Interbank Offered Rate (LIBOR):** Average interest rate at which leading banks borrow funds of a sizable amount from other banks in the London market. LIBOR is the most widely used “benchmark” or reference rate for short-term interest rates. **Treasury rates:** Market yields for U.S. Treasury securities with maturities of 2, 10 and 30 years. **Bloomberg Barclays U.S. Aggregate Bond Index:** Broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. **Bloomberg Barclays U.S. Corporate Index:** Measures the USD-denominated, investment grade, fixed-rate, taxable bond market. **Bloomberg Barclays U.S. Corporate High Yield Index:** Measures the USD-denominated, high yield, fixed-rate bond market.

Sources: Bureau of Labor Statistics (BLS), Department of Labor, Bureau of Economic Analysis (BEA), International Monetary Fund (IMF), OECD, Federal Reserve, Institute for Supply Management (ISM), Mortgage Bankers Association (MBA), U.S. Census Bureau, Standard & Poor's, Bank of America Merrill Lynch, Bloomberg, Macrobond.

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