

## U.S. Equity

- ▶ Domestic equity markets, as represented by the S&P 500 Index (S&P), returned 3.71% in March.
- ▶ Within the S&P, 10 of the 11 sectors posted positive returns. The Utilities sector was the month's best performer, returning 10.36%. Energy was second best, posting a return of 8.93%. Financials was the worst-performing sector posting a negative return of -0.19%.
- ▶ By market capitalization, small-caps (Russell 2000) returned 1.24%, large-caps (Russell 1000 Index), returned 3.37%, and mid-caps (Russell Mid Cap Index) returned 2.56%. Value stocks outperformed growth stocks across small- and mid-cap, while growth outperformed in large capitalizations.

## Non-U.S. Equity

- ▶ Non-U.S. equity markets, represented by the MSCI ACWI ex-U.S., returned 0.16%. Developed markets, represented by the MSCI EAFE Index, returned 0.64%, while emerging markets (EM), represented by the MSCI Emerging Markets Index, returned -2.26% in March.
- ▶ Within the ACWI ex-U.S. Index, five of the 11 sectors posted positive returns. Materials was the best-performing sector, returning 3.28%, and the second-best performer was Healthcare, returning 3.06%. Consumer Discretionary was the worst performer by far, returning -4.56%.
- ▶ Non-U.S. returns were mixed, with the EM Latin America performing the best, returning 13.06%, while EMEA (Europe, Middle East and Africa) lagged for the month, returning -6.22%.

## Fixed Income

- ▶ At the end of March, the U.S. Treasury yield curve inverted, with the 5-year rate rising higher than the 30-year rate. The 10- and 30-year treasury rates rose 51 and 29 basis points (bps) respectively, while the 2- and 5-year rates rose 91 and 74 bps, leading to the broad treasury index returning -3.0%.
- ▶ The Bloomberg Barclays U.S. Aggregate Index (Aggregate) lost -2.78% in March. Within the investment-grade (IG) credit spectrum, AAA-rated bonds returned -2.49%, AA-rated bonds returned -3.02%, A-rated bonds returned -2.45% and BBB-rated bonds returned -2.47%.
- ▶ Yields generally increased across the yield curve during March, with the biggest increases happening at the shorter end of the curve.

## Alternatives and Other Asset Classes

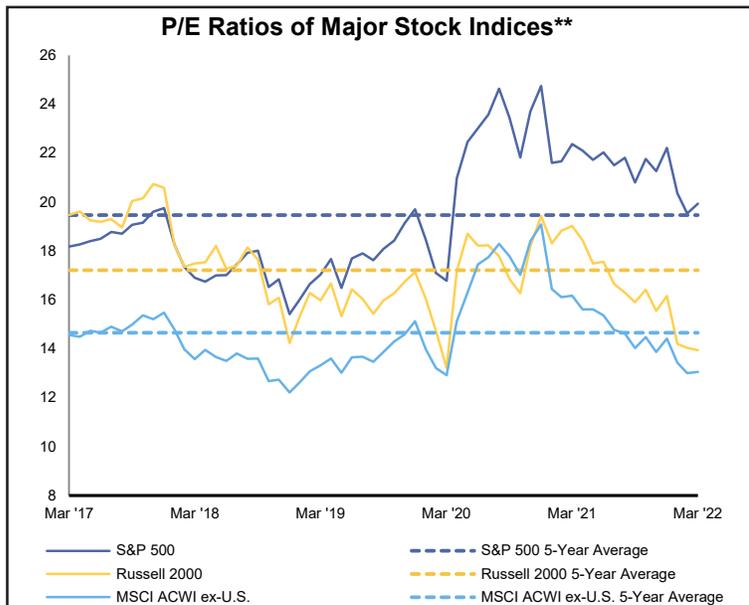
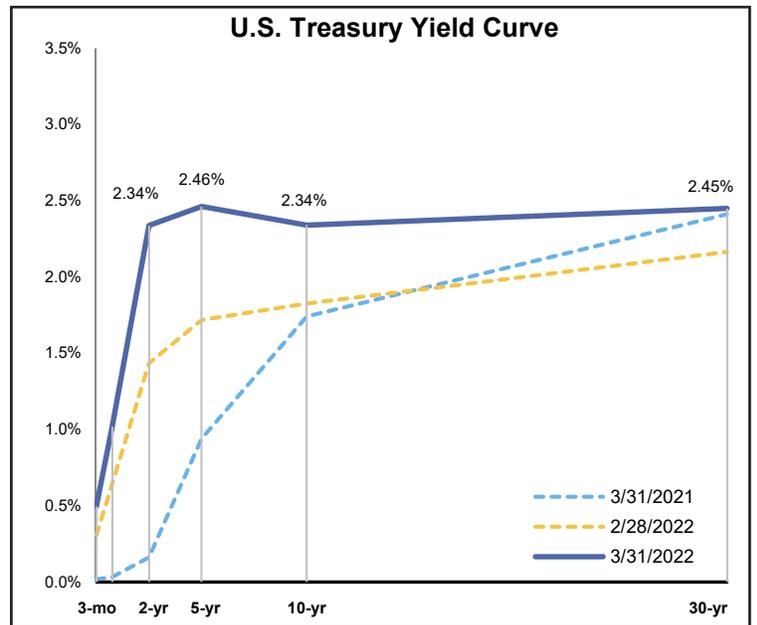
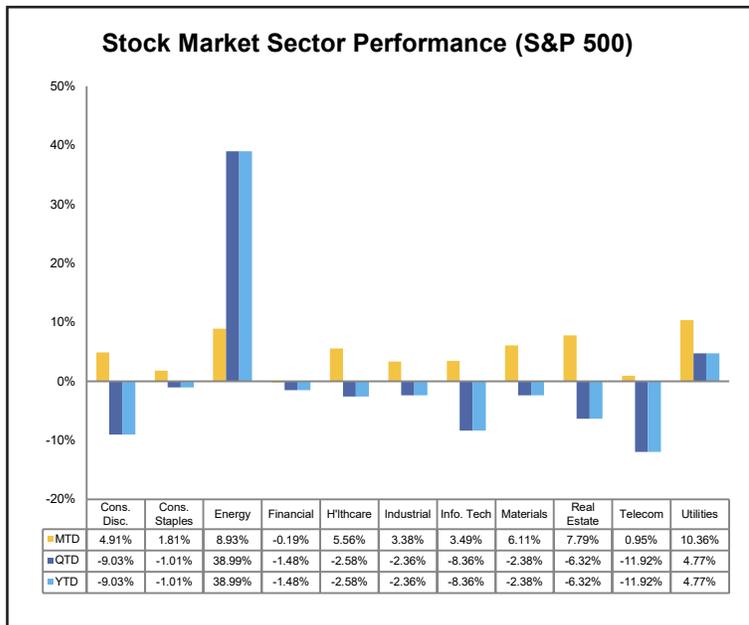
- ▶ Real estate investment trusts (REITs) represented by the FTSE NAREIT Index returned 6.51%. Performance was positive across all of the nine real estate sectors. Healthcare did the best, returning 11.74%. The worst-performing sector of the month was Retail, returning 2.77%.
- ▶ The active contract for West Texas Intermediate (WTI) crude spiked in early March, hitting \$119.65/barrel before falling to \$100.28/barrel at the end of March, up from \$95.72/barrel at the end of February.

## Items to Watch

- ▶ Inflation continues to control the economy, as core inflation increased 5.4% in February from 12 months earlier, the biggest jump going back to April 1983. Including food and energy prices, the headline PCE for February jumped 6.4%. While this number alone is concerning, it will likely worsen in the coming months because the most recent measurement does not fully reflect the consequences of Russia's invasion of Ukraine, which occurred on February 24.
- ▶ Energy prices have continued to climb, driven by the war, and other markets such as wheat and nickel have seen jumps. In March, headline inflation for the EU is expected to jump, showing the impact of war, breaking records once again at 7.5% as energy prices, food prices, and supply bottlenecks increasingly put pressure on the economy. The EU is expected to finally begin to raise interest rates to combat higher inflation, while traders in the U.S. are currently pricing in a more than 75% chance of the Federal Reserve raising rates at its next meeting by 50 bps.
- ▶ Consumer spending growth slowed sharply in February, with spending increases of 0.2%, down from a revised 2.7% rate in January. Economists currently estimate consumers are sitting on about \$2.3 trillion in excess savings. The savings rate, however, has now fallen from the pandemic highs, landing at 6.3% in February, lower than the pre-COVID rate of 7.3% in December 2019. How long those savings will continue to boost spending remains to be seen, as personal disposable incomes actually fell by -0.2% in February after adjusting for the rise in inflation as the growing paychecks can't keep up with the surging prices.

Total Return of Major Indices				
Domestic Equity	MTD	QTD	YTD	1 YR
S&P 500	3.71%	-4.60%	-4.60%	15.63%
Russell 3000	3.24%	-5.28%	-5.28%	11.91%
Russell 2000	1.24%	-7.53%	-7.53%	-5.82%
Russell 1000	3.37%	-5.13%	-5.13%	13.26%
International Equity	MTD	QTD	YTD	1 YR
MSCI ACWI ex-U.S.	0.16%	-5.44%	-5.44%	-1.48%
MSCI EAFE	0.64%	-5.91%	-5.91%	1.16%
MSCI Emerging Markets	-2.26%	-6.98%	-6.98%	-11.37%
Fixed Income	MTD	QTD	YTD	1 YR
Bloomberg Barclays U.S. Agg	-2.78%	-5.93%	-5.93%	-4.15%
Bloomberg Barclays Global Agg	-3.05%	-6.16%	-6.16%	-6.40%
Bloomberg Barclays U.S. HY	-1.15%	-4.84%	-4.84%	-0.66%
Alternatives	MTD	QTD	YTD	1 YR
FTSE NAREIT Equity	6.55%	-3.86%	-3.86%	26.49%
Bloomberg Commodity	8.61%	25.45%	25.45%	49.09%

Economic Indicators		
Domestic	Current	Previous Month
Unemployment Rate (%)	3.6%	3.8%
Initial Jobless Claims (4 week average)	208.5 K	212 K
CB Leading Economic Indicators	0.3	-0.5
Capacity Utilization	77.6%	77.3%
GDP (annual growth rate)	6.9%	2.3%
University of Michigan Consumer Confidence	59.4	62.8
New Home Starts	772 K	788 K
Existing Home Sales	6 MM	6.5 MM
Retail Sales (YoY)	17.7%	14.3%
U.S. Durable Goods (MoM)	-2.2%	1.6%
Consumer Price Index (YoY)	7.9%	7.5%
Producer Price Index (MoM)	2.7%	1.5%
Developed International*	12/31/2021	9/30/2021
Market GDP (annual rate)	5.0%	3.7%
Market Unemployment	5.8%	6.3%



Source: Bloomberg. Data as of March 31, 2022, unless otherwise noted.  
 \*Developed market data is calculated with respect to the weightings in the MSCI World ex-U.S. Index. Most current data is as of December 31, 2021 due to release dates of numerous countries.  
 \*\*P/E ratios are calculated based on one-year-forward estimates and adjusted to include only positive earning results for consistency.

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