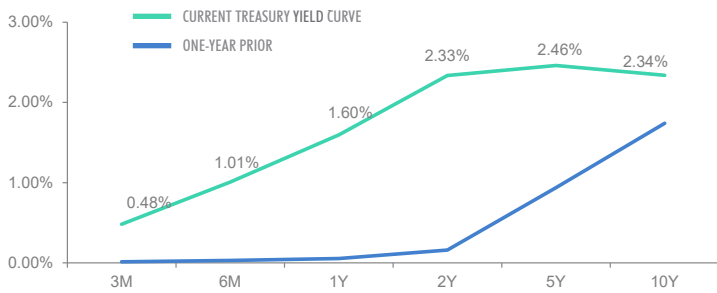




# SD FIT MARKET UPDATE

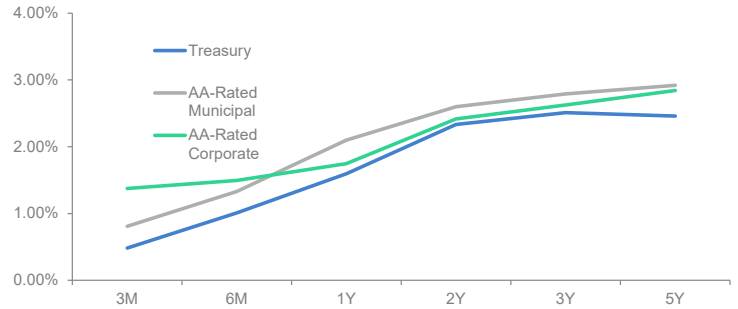
APRIL 2022

## Historical Treasury Yield Curve



Source: Bloomberg Finance L.P. 03/31/22

## Market Yields



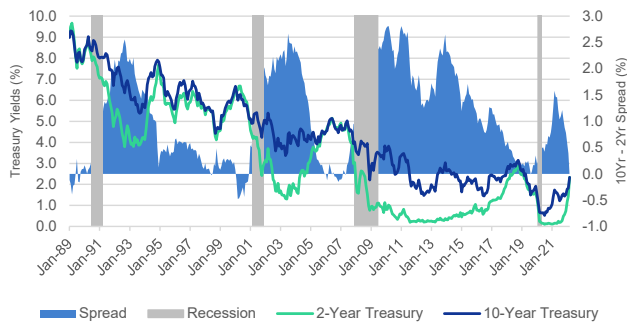
Source: Bloomberg Finance L.P. 03/31/22

## FEATURED MARKET DATA

### Yield Curve Signals

The yield on 10-year Treasuries briefly dipped below 2-year Treasuries on Tuesday, March 29. When this inversion of the yield curve occurs for a sustained period of time, a recession has consistently followed in the next two years. This part of the yield curve has been a good signal of recessions because 2-year Treasury yields reflect fed funds rate expectations, and the 10-year moves with growth and inflation expectations. In the past, Fed rate hikes have reduced consumer spending and business activity, resulting in lower 10-year yields and eventually a recession. Mixed signals from the bond market suggest “this time might be different.” The Fed ended its \$120 billion per month bond buying program in March and 10-year Treasury yields have risen.

Sources: Bloomberg, Financial Times



Source: Bloomberg

## U.S. Economic Indicators

Event	Event Date	Period	Survey	Actual	Prior / Revised (R)
Consumer Price Index (MoM)	03/10/22	FEB	0.8%	0.8%	0.6%
Core CPI (MoM)	03/10/22	FEB	0.5%	0.5%	0.6%
S&P Case Shiller 20-City Home Price Index (YoY)	03/29/22	JAN	18.60%	19.10%	18.58% (R)
Personal Income	03/31/22	FEB	0.5%	0.5%	0.1% (R)
Personal Spending	03/31/22	FEB	0.5%	0.2%	2.7% (R)
Change in Nonfarm Payrolls	04/01/22	MAR	490K	431K	750K (R)
Unemployment Rate	04/01/22	MAR	3.7%	3.6%	3.8%
Avg. Hourly Earnings (YoY)	04/01/22	MAR	5.5%	5.6%	5.2% (R)
ISM Manufacturing	01/04/00	MAR	59.0	57.1	58.6

Source: Bloomberg Finance L.P. 03/31/2022. Glossary terms on following page.

## RECENT NEWS

### Booming Employment

The U.S. economy added 431,000 jobs in March as workers returned to the labor force and unemployment declined to 3.6%. The March report marked the 11th straight month of job gains above 400,000. The unemployment rate is near the pre-pandemic rate of 3.5%, which was a 50-year low. Booming employment has pushed hourly earnings up 5.6% over the past year. The tight labor market offers the Fed room to hike rates.

Source: Wall Street Journal

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# Glossary of Terms

Term	What is it:
<b>Building Permits</b>	Records the number of permits for future housing construction.
<b>Capacity Utilization</b>	Tracks the extent to which capacity is being used in the production of goods and services.
<b>Change in Nonfarm Payrolls</b>	This indicator measures the change in the number of employees on business and government payrolls.
<b>Chicago Fed National Activity Index</b>	A nationwide measure of economic activity and inflation pressures. An index value of zero indicates that the national economy is expanding at its historical trend rate of growth.
<b>Consumer Confidence</b>	Index examines how consumers feel about jobs, the economy and spending.
<b>Consumer Price Index (CPI)</b>	Measures the average change in retail prices over time for a basket consisting of more than 200 categories of assorted goods and services paid directly by consumers.
<b>Core Consumer Price Index (Core CPI)</b>	This measure of CPI excludes food and energy costs.
<b>Durable Goods Orders</b>	A measure of new orders placed with domestic manufacturers for durable goods, which are items that last three years or more.
<b>Existing Home Sales</b>	Measures monthly sales of previously owned single-family homes.
<b>GDP Annualized QoQ</b>	Measures the annualized quarterly growth of the final market value of all goods and services produced within a country. GDP is the foremost report on how fast or slow the economy is growing.
<b>Housing Starts</b>	Records the number of new housing units started during a period.
<b>Index of Leading Economic Indicators (LEI)</b>	An index designed to predict the direction of the economy.
<b>Initial Jobless Claims</b>	Tracks new filings for unemployment insurance benefits.
<b>ISM Manufacturing</b>	Measures manufacturing activity based on a monthly survey of purchasing managers.
<b>MBA Mortgage Applications</b>	The Mortgage Bankers Association's weekly mortgage application survey includes home loan application activity for conventional and government loans for home purchases and refinances.
<b>Mortgage Delinquencies</b>	A measure of the percent of total conventional and government loans which are at least one payment past due, but not in the process of foreclosure.
<b>Personal Consumption Expenditure (PCE)</b>	The Federal Reserve's preferred measure of inflation tracks overall price changes for goods and services. Core PCE excludes food and energy.
<b>Personal Income and Spending</b>	Index records the income Americans receive, how much they spend, and what they save.
<b>Retail Sales</b>	Tracks the sale of new and used goods for personal or household consumption.
<b>Retail Sales Ex. Auto</b>	Retail sales excluding motor vehicles and parts.
<b>S&amp;P Case-Shiller Home Price Index</b>	Tracks the value of single-family housing within the U.S. There are multiple indexes including the 20-City Composite.
<b>Unemployment Rate</b>	The U-3 unemployment rates tracks the percentage of the civilian workforce that is unemployed.

Source: Bloomberg, The Secrets of Economic Indicators by Bernard Baumohl; PMA Asset Management, LLC

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