



Doerschler & Associates
WEALTH MANAGEMENT

Carl Doerschler, AIF, CPFA, CMFC
Jill Ingersoll, AIF, CPFA
54870 N. Main Street
Mattawan, MI 49071
269-744-2004
269-744-4180

April 2022 Market Review

The Markets (as of market close April 29, 2022)

April saw rising COVID cases in China prompt the shutdown of some of its biggest cities, causing global supply-chain issues. The ongoing war in Ukraine continues to exacerbate pressure on food and energy prices. While first-quarter earnings data was moderately favorable overall, several major companies reported disappointing results. And inflation continued to rise, leading to an almost certain 50-basis point interest rate increase from the Federal Reserve this week.

All of this led to April being a rather difficult month for Wall Street, capping the worst four-month start to a year in decades. The Dow and the S&P 500 endured the worst monthly returns since March 2020, but they weren't as bad as the Nasdaq, which suffered its biggest drop since October 2008, according to Dow Jones Market Data.

Ten-year Treasury yields climbed 56 basis points to settle at 2.88%. Crude oil prices advanced \$3.13 to \$104.07 per barrel. Prices at the pump fell in April as the national average retail price for regular gasoline was \$4.107 per gallon on April 25, down from the March 28 price of \$4.334 per gallon. Gold prices decreased after climbing well above \$1,900.00 per ounce in March. The U.S. dollar hit a 20-year high before pulling back, but still posted the best month since January 2015.

Stock Market Indexes

Market/Index	2021 Close	Prior Month	As of April 29	Monthly Change	YTD Change
DJIA	36,338.30	34,678.35	32,977.21	-4.91%	-9.25%
Nasdaq	15,644.97	14,220.52	12,334.64	-13.26%	-21.16%
S&P 500	4,766.18	4,530.41	4,131.93	-8.80%	-13.31%
Russell 2000	2,245.31	2,070.13	1,862.16	-10.05%	-17.06%
Global Dow	4,137.63	4,098.73	3,815.07	-6.92%	-7.80%
Fed. Funds target rate	0.00%-0.25%	0.25%-0.50%	0.25%-0.50%	0 bps	25 bps
10-year Treasuries	1.51%	2.32%	2.88%	56 bps	137 bps
US Dollar-DXY	95.64	98.35	103.17	4.90%	7.87%
Crude Oil-CL=F	\$75.44	\$100.94	\$104.07	3.10%	37.95%
Gold-GC=F	\$1,830.30	\$1,941.50	\$1,897.90	-2.25%	3.69%

Chart reflects price changes, not total return. Because it does not include dividends or splits, it should not be used to benchmark the performance of specific investments.





Key Dates/Data Releases

5/2: *Markit Manufacturing PMI*

5/3: *JOLTS*

5/4: *International trade in goods and services, Markit Services PMI, FOMC meeting statement*

5/6: *Employment situation*

5/11: *Consumer Price Index, Treasury budget statement*

5/12: *Producer Price Index*

5/13: *Import and export prices, FOMC meeting statement*

5/17: *Retail sales, industrial production*

5/18: *Housing starts*

5/19: *Existing home sales*

5/24: *New home sales*

5/25: *Durable goods orders*


5/26: *GDP*

5/27: *International trade in goods, personal income and outlays*

Latest Economic Reports

- **Employment:** Employment rose by 431,000 in March after 750,000 new jobs were added in February. Notable job gains occurred in leisure and hospitality, professional and business services, retail trade, and manufacturing. The unemployment rate inched down by 0.2 percentage point to 3.6%. The number of unemployed persons decreased 318,000 in March to 6.0 million. These measures are little different from their pre-pandemic values in February 2020 (3.5% and 5.7 million, respectively). Among the unemployed, the number of workers who permanently lost their jobs declined by 191,000 to 1.4 million in March. Also in March, the number of persons who were unable to work because their employer closed or lost business due to the pandemic fell to 2.5 million — down from 4.2 million in the previous month. The labor-force participation rate increased 0.1 percentage point to 62.4% in March. The employment-population ratio increased by 0.2 percentage point to 60.1%. In March, average hourly earnings rose by \$0.13 to \$31.73. Over the last 12 months, average hourly earnings rose by 5.6%. The average work week fell by 0.1 hour to 34.6 hours in March.
- There were 180,000 initial claims for unemployment insurance for the week ended April 23. Over the first four months of 2022, initial weekly claims and total claims for unemployment insurance benefits steadily decreased. As of April 16, there were 1,408,000 total claims for unemployment benefits. This is the lowest level for insured unemployment since February 7, 1970, when it was 1,397,000. A year ago, there were 3,776,000 total claims for unemployment insurance benefits.
- **FOMC/interest rates:** The Federal Open Market Committee did not meet in April. However, with inflation sitting above 6.0% for the sixth consecutive month and continuously increasing since December 2020, pressure will be on the Federal Reserve to increase interest rates by at least 50 basis points following its meeting in May. The FOMC increased the federal funds target rate range by 25 basis points to 0.25%-0.50% after its March meeting, the first such increase since December 2018.
- **GDP/budget:** Gross domestic product fell 1.4% in the first quarter of 2022 compared with a 6.9% advance in the fourth quarter of 2021. While data for this advance estimate of GDP is based on incomplete information, the decrease in GDP primarily reflected decreases in private inventory investment, exports, federal government spending, and state and local government spending, while imports, which are a subtraction in the calculation of GDP, increased. Consumer spending, as measured by personal consumption expenditures, was 2.7% in the first quarter (2.5% in the previous quarter). Spending on goods rose 4.1%, while spending on services climbed 4.3%. The PCE price index, a measure of inflation, increased 7.0% in the first quarter after advancing 6.4% in the fourth quarter. Gross private domestic investment, which includes nonresidential and residential fixed investment, vaulted 2.3% in the first quarter after gaining 36.7% in the previous quarter. Nonresidential (business) fixed investment increased 9.2% (2.9% in the fourth quarter), while residential fixed investment increased 2.1% (2.2% in the fourth quarter). Net exports declined 5.9% in the first quarter, with goods exports dropping 9.6% while services rose 3.8%. Imports climbed 17.7% following a 17.9% rise in the fourth quarter.
- The Treasury budget deficit came in at \$192.7 billion in March, 12.4% less than the February deficit of \$216.6 billion and 71.0% under the March 2021 deficit of \$659.6 billion. Through the first six months of fiscal year 2022, the deficit sits at \$668.3 billion, 155.0% lower than the deficit over the same period in fiscal year 2021 (\$1.71 trillion). So far in this fiscal year, individual income tax receipts have risen 36.0% and corporate income tax receipts have increased 22.0%. Compared to March 2021, government expenditures are down 45.0%, while receipts are up 18.0%.
- **Inflation/consumer spending:** According to the latest Personal Income and Outlays report for March, personal income and disposable personal income rose 0.5% after each increased 0.7% in February. Consumer spending increased 1.1% following a 0.6% jump in February. Consumer prices climbed 0.9% in March after advancing 0.5% the previous month. Consumer prices have risen 6.6% since March 2021. Year over year, energy prices vaulted 33.9%, while food prices increased 9.2%.
- The Consumer Price Index increased 1.2% in March after climbing 0.8% in the previous month. Increases in the indexes for gasoline, shelter, and food were the largest contributors to the CPI increase. The gasoline index rose 18.3% in March and accounted for over half of the overall March increase. Since March 2021, the CPI has risen 8.5% — the largest increase since the 12-month period ended December 1981.
- Prices that producers receive for goods and services jumped 1.4% in March following a 0.9% increase in February. Producer prices have increased 11.2% since March 2021. Prices less foods, energy, and trade services increased 0.9% in March, the largest increase since rising 1.0% in January 2021. For the year, prices less foods, energy, and trade services moved up 7.0%. In March, prices for goods jumped 2.3%, while prices for services rose 0.9%. A major factor in the March increase in goods prices was a 5.7% increase in energy prices.
- **Housing:** Sales of existing homes declined for the second consecutive month, falling 2.7% in March






after dropping 7.2% in February. Year over year, existing home sales were 4.5% under the March 2021 estimate. According to the latest survey from the National Association of Realtors®, home shoppers are feeling the effects of rising mortgage rates and higher inflation. The median existing-home price was \$375,300 in March, up from \$357,300 in February and 15.0% more than March 2021 (\$326,300). Unsold inventory of existing homes represents a 2.0-month supply at the current sales pace. Sales of existing single-family homes also fell in March, down 2.7% after dropping 7.0% in February. Since March 2021, sales of existing single-family homes have fallen 3.8%. The median existing single-family home price was \$382,000 in March, up from \$363,800 in February.

- Sales of new single-family homes fell 8.6% in March after decreasing 2.2% (revised) in February. The median sales price of new single-family houses sold in March was \$436,700 (\$421,600 in February). The March average sales price was \$523,900 (\$508,100 in February). The inventory of new single-family homes for sale in March represented a supply of 5.7 months at the current sales pace, up from February's 5.3-month supply. Sales of new single-family homes in March were 12.6% below the March 2021 estimate.
- **Manufacturing:** Industrial production increased 0.9% in March, the same increase as in February. All three major industry groups advanced in March. Manufacturing rose 0.9%, mining increased 1.7%, and utilities climbed 0.4%. Total industrial production in March was 5.5% higher than it was a year earlier. Since February 2021, manufacturing has risen 4.9%, mining has jumped 7.0%, while utilities increased 7.5%.
- March saw new orders for durable goods increase 0.8% following a 1.7% February decrease. Excluding transportation, new orders rose 1.1% in March. Excluding defense, new orders increased 1.2%. While the March advance was widespread, areas of particular note include computers and electronic products (2.6%), electrical equipment, appliances, and components (3.9%), and motor vehicles and parts (5.0%). New orders for nondefense capital goods decreased 0.5% in March, while new orders for defense capital goods slid 5.6% lower. Since March 2021, new orders for durable goods have increased 12.6%.
- **Imports and exports:** Import prices rose 2.6% in March after advancing 1.6% in February, according to the U.S. Bureau of Labor Statistics. The March increase in import prices was the largest monthly rise since April 2011. Import prices have advanced 12.5% since March 2021. Higher fuel prices drove the increases in both months. Contributing to the March increase in import prices was a 14.6% jump in fuel prices after increasing 10.0% the previous month. Prices for nonfuel imports rose 1.2% in March. For the 12 months ended in March, prices for fuel have increased 66.7%. Prices for U.S. exports advanced 4.5% in March following a 3.0% rise the previous month. The March advance in export prices was the largest since January 1989. Higher prices for both agricultural and nonagricultural exports in March contributed to the overall increase in U.S. export prices. Export prices have risen 18.8% since March 2021 — the largest over-the-year increase since 12-month percent changes were first published in September 1984.
- The international trade in goods deficit was \$125.3 billion in March, up \$19.0 billion, or 17.8%, from February. Exports of goods were \$169.3 billion in March, \$11.4 billion more than in February. Imports of goods were \$294.6 billion, \$30.3 billion more than February imports. The 11.5% increase in imports was spread among most major categories, particularly industrial supplies (15.0%), consumer goods (13.6%), autos (12.0%), capital goods (7.6%), and food, feeds, and beverages (6.2%). While gains in exports were smaller (7.2%), they were also widespread, with notable increases in industrial supplies (12.3%), autos, (8.4%), consumer goods (3.1%), and capital goods (1.7%).
- The latest information on international trade in goods and services, released April 5, is for February and shows that the goods and services trade deficit decreased \$0.1 billion, or 0.1%, to \$89.2 billion. February exports were \$228.6 billion, 1.8% above the January estimate. February imports were \$317.8 billion, 1.3% more than January imports. Year over year, the goods and services deficit increased \$45.7 billion, or 34.5%, from the same period in 2021. Exports increased 17.6%. Imports increased 22.0%.
- **International markets:** The European Union saw a modest uptick in its first-quarter gross domestic product. However, the economy could be facing a significant slowdown as Russia's war with Ukraine has kept energy costs high and reduced household spending power. The World Bank forecasts that the Russia-Ukraine war could drive energy prices up by more than 50.0% from last year, and food prices are projected to rise nearly 23.0%. Also, citing the war's impact on energy and food prices, the International Monetary Fund last week offered sizable cuts in its forecasts for economic growth for 2022 and 2023. The IMF projects global growth will slow to 3.6% in 2022 (6.1% in 2021), with an additional 0.2 percentage point drop in 2023. A spike in COVID cases in China prompted Beijing to institute lockdowns, which impacted global economies still trying to recover from the pandemic. Overall, for the markets in April, the STOXX Europe 600 Index dipped 1.8%. The United Kingdom's FTSE was flat. Japan's Nikkei 225 Index declined 3.5%, while China's Shanghai Composite Index dropped 7.2%.
- **Consumer confidence:** The Conference Board Consumer Confidence Index® decreased slightly in





April following an increase in March. The index stands at 107.3 in April, down from 107.6 in March. The Present Situation Index, based on consumers' assessment of current business and labor market conditions, decreased to 152.6 in April, down from 153.8 in March. The Expectations Index, based on consumers' short-term outlook for income, business, and labor market conditions, inched higher to 77.2 in April from 76.7 in March.

Eye on the Month Ahead

The Federal Open Market Committee meets in May for the first time since March. It is expected that the Committee will follow its most recent 25-basis point rate increase with a rate hike of at least 50 basis points. Many analysts expect the economy and stock market to be impacted by the ongoing Russia-Ukraine conflict and the restrictive monetary policy adopted by the Federal Reserve as it attempts to slow rising inflation.

Data sources: Economic: Based on data from U.S. Bureau of Labor Statistics (unemployment, inflation); U.S. Department of Commerce (GDP, corporate profits, retail sales, housing); S&P/Case-Shiller 20-City Composite Index (home prices); Institute for Supply Management (manufacturing/services). Performance: Based on data reported in WSJ Market Data Center (indexes); U.S. Treasury (Treasury yields); U.S. Energy Information Administration/Bloomberg.com Market Data (oil spot price, WTI, Cushing, OK); www.goldprice.org (spot gold/silver); Oanda/FX Street (currency exchange rates). News items are based on reports from multiple commonly available international news sources (i.e., wire services) and are independently verified when necessary with secondary sources such as government agencies, corporate press releases, or trade organizations. All information is based on sources deemed reliable, but no warranty or guarantee is made as to its accuracy or completeness. Neither the information nor any opinion expressed herein constitutes a solicitation for the purchase or sale of any securities, and should not be relied on as financial advice. Forecasts are based on current conditions, subject to change, and may not come to pass. U.S. Treasury securities are guaranteed by the federal government as to the timely payment of principal and interest. The principal value of Treasury securities and other bonds fluctuates with market conditions. Bonds are subject to inflation, interest-rate, and credit risks. As interest rates rise, bond prices typically fall. A bond sold or redeemed prior to maturity may be subject to loss. Past performance is no guarantee of future results. All investing involves risk, including the potential loss of principal, and there can be no guarantee that any investing strategy will be successful.

The Dow Jones Industrial Average (DJIA) is a price-weighted index composed of 30 widely traded blue-chip U.S. common stocks. The S&P 500 is a market-cap weighted index composed of the common stocks of 500 largest, publicly traded companies in leading industries of the U.S. economy. The NASDAQ Composite Index is a market-value weighted index of all common stocks listed on the NASDAQ stock exchange. The Russell 2000 is a market-cap weighted index composed of 2,000 U.S. small-cap common stocks. The Global Dow is an equally weighted index of 150 widely traded blue-chip common stocks worldwide. The U.S. Dollar Index is a geometrically weighted index of the value of the U.S. dollar relative to six foreign currencies. Market indexes listed are unmanaged and are not available for direct investment.

Securities and Investment Advisory Services offered through M Holdings Securities, Inc. a Registered Broker/Dealer and Investment Advisor, Member FINRA/SIPC. Doerschler & Associates Wealth Management, LLC is independently owned and operated.

File # 4740399.1