



Weekly Update

2/14/22

		<u>Last Week</u>	<u>YTD Returns</u>
Domestic Equities	S&P 500	-1.79%	-7.16%
International Developed	MSCI EAFE	1.42%	-2.38%
Emerging Market	MSCI EM	1.60%	0.75%
Fixed Income	BBgBarc US Agg Bond	-0.41%	-3.45%

Index returns are from Morningstar and are calculated on a total return basis, with dividends reinvested.

Inflation remains a key item of interest for investors, as January's data showed a 7.5% year-over-year increase in headline inflation. The news dealt a blow to domestic equity and fixed income markets and will remain a principal short-term driver of investor sentiment. Investors are now pricing in a 0.50% rate hike at the March Fed meeting, with the belief that the Fed could increase rates to 1.00% by July - time will tell. Where inflation stands at that point will largely determine Fed policy during the second half of the year. We continue to believe that longer-term inflation numbers will come down, even as they remain elevated in the near term. At some point, stock and bond markets risk overemphasizing a more draconian environment than what actually plays out. If this happens, we could easily see a rally in growth stocks and bonds later this year.