

# FORMAN

INVESTMENT SERVICES

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## FROM THE OFFICE

*Congrats!*

**Congratulations to Wade on his engagement to Megan!**



## MARK YOUR CALENDAR

**The deadline to make 2021 ROTH and IRA contributions is April 15.**



## EDUCATIONAL/INFORMATIVE

**Revisit an IRA:** Pre-tax contributions to IRAs can reduce taxable income, and you have until mid-April to contribute for the current tax year. You also have the option to contribute early in the year toward the next tax year – so tell your IRA custodian which year the contribution applies to.

### 10 Simple Gardening Tips & Tricks

Here are the latest tips and tricks from Paul James, host of Gardening by the Yard:

1. To remove the salt deposits that form on clay pots, combine equal parts white vinegar, rubbing alcohol and water in a spray bottle. Apply the mixture to the pot and scrub with a plastic brush. Let the pot dry before you plant anything in it.
2. To prevent the line on your string trimmer from jamming or breaking, treat with a spray vegetable oil before installing it in the trimmer.
3. Turn a long-handled tool into a measuring stick! Lay a long-handled garden tool on the ground, and next to it place a tape measure. Using a permanent marker, write inch and foot marks on the handle. When you need to space plants a certain distance apart (from just an inch to several feet) you'll already have a measuring device in your hand.
4. To have garden twine handy when you need it, just stick a ball of twine in a small clay pot, pull the end of the twine through the drainage hole, and set the pot upside down in the garden. Do that, and you'll never go looking for twine again.
5. Little clay pots make great cloches for protecting young plants from sudden, overnight frosts and freezes.
6. To create perfectly natural markers, write the names of plants (using a permanent marker) on the flat faces of stones of various sizes and place them at or near the base of your plants.
7. The next time you boil or steam vegetables, don't pour the water down the drain, use it to water potted patio plants, and you'll be amazed at how the plants respond to the "vegetable soup."
8. Use leftover tea and coffee grounds to acidify the soil of acid-loving plants such as azaleas, rhododendrons, camellias, gardenias and even blueberries. A light sprinkling of about one-quarter of an inch applied once a month will keep the pH of the soil on the acidic side.
9. Use chamomile tea to control damping-off fungus, which often attacks young seedlings quite suddenly. Just add a spot of tea to the soil around the base of seedlings once a week or use it as a foliar spray.
10. The quickest way in the world to dry herbs: just lay a sheet of newspaper on the seat of your car, arrange the herbs in a single layer, then roll up the windows and close the doors. Your herbs will be quickly dried to perfection. What's more, your car will smell great.



### The Markets (as of market close February 28, 2022)

Wall Street opened the month on a high note, with each of the benchmark indexes advancing. A stronger-than-expected jobs report and solid fourth-quarter corporate earnings data helped support equities. Nevertheless, concerns about the Russia-Ukraine situation began to worry investors. Natural gas and crude oil prices climbed higher. Throughout much of February, the impending crisis in Eastern Europe seemed to displace thoughts about a likely interest-rate hike from the Federal Reserve in March.

Then on Thursday, February 24, Russia launched attacks against multiple strategic targets in Ukraine. The United States, European Union, United Kingdom, Germany, Canada, Australia, and Japan responded to the Russian incursion by imposing sanctions mostly targeting Russian banks, oligarchs, and high-tech sectors, along with travel restrictions. The conflict shook global financial markets as stocks plunged. Oil and gas prices surged globally amid concerns that heating bills and food prices would skyrocket. Brent crude oil prices reached \$100 per barrel. The invasion heightened the pressure on a global economy already reeling from snarled supply chains and the highest inflation in years.

As fighting continued throughout the last days of February, Western countries announced additional sanctions against Russia. Even Switzerland broke from its customary neutral stance to join the European Union in its actions. The United States, United Kingdom, Canada, and European Union blocked several major Russian banks from participating in the SWIFT payment system.

As the ruble fell, Russia's central bank raised interest rates to 20.0%. Russian President Vladimir Putin put the country's nuclear arms facilities on high alert. Several global companies cut ties with Russia. Canada banned Russian crude oil imports as U.S energy shares climbed higher. A meeting of delegates from Ukraine and Russia on the last day of February produced no immediate resolutions, particularly toward a cease-fire, as the conflict waged on.

Global stocks took the brunt of the turmoil. Domestically, the benchmark indexes seemed to respond more to a rise in inflationary pressures than the conflict in Eastern Europe. Nevertheless, for the second consecutive month, each of the benchmark indexes listed here fell, led by the Dow, followed by the Nasdaq, the S&P 500, and the Global Dow. The small caps of the Russell 2000 were able to post a gain.

Ten-year Treasury yields bounced up and down throughout the month, finally settling at 1.83%. Domestically, crude oil prices advanced, but not at the pace of Brent crude, which rose to \$100.99 per barrel. Prices at the pump rose in February as the national average retail price for regular gasoline was \$3.530 per gallon on February 21, up from the January 24 price of \$3.323 per gallon. Gold prices increased notably, hitting a one-year high after rising to nearly \$1,900.00 per ounce.

	2021 Close	Prior Month	As of Feb. 28	Monthly Change	YTD Change
<b>DJIA</b>	36,338.30	35,131.86	33,892.60	-3.53%	-6.73%
<b>NASDAQ</b>	15,644.97	14,239.88	13,751.40	-3.43%	-12.10%
<b>S&amp;P 500</b>	4,766.18	4,515.55	4,373.94	-3.14%	-8.23%
<b>Russell 2000</b>	2,245.31	2,028.45	2,028.45	0.97%	-8.78%
<b>Global Dow</b>	4,137.63	4,161.38	4,050.61	-2.66%	-2.10%
<b>Fed. Funds target rate</b>	0.00%-0.25%	0.00%-0.25%	0.00%-0.25%	0 bps	0 bps
<b>10-year Treasuries</b>	1.51%	1.78%	1.83%	5 bps	32 bps
<b>US Dollar-DXY</b>	95.64	96.64	96.70	0.06%	1.11%
<b>Crude Oil-CL=F</b>	\$75.44	\$88.33	\$95.62	8.25%	26.75%
<b>Gold-GC=F</b>	\$1,830.30	\$1,798.70	\$1,909.90	6.18%	4.35%

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

### Latest Economic Reports

- **Employment:** Employment rose by 467,000 in January, marginally below the December 2021 revised total of 510,000. Employment has increased by 19.1 million since April 2020 but is down by 2.9 million, or 1.9%, from its pre-pandemic level in February 2020. The unemployment rate inched up by 0.1 percentage point to 4.0%. The number of unemployed persons increased 184,000 in January to 6.5 million. Since January 2021, the unemployment rate fell 2.4 percentage points and the number of unemployed persons dropped 3.7 million. While both measures are down considerably from their highs at the end of the February-April 2020 recession, they remain above their levels prior to the coronavirus pandemic (3.5% and 5.7 million, respectively, in February 2020). Among the unemployed, the number of workers who permanently lost their jobs declined by 100,000 to 1.6 million in January. Conversely, the number of workers who voluntarily left their jobs increased 228,000 to 952,000. Also in January, the number of persons who were unable to work because their employer closed or lost business due to the pandemic jumped to 6.0 million from 3.1 million in December 2021. The labor force participation rate increased 0.3 percentage point to 62.2% in January. The employment-population ratio increased by 0.2 percentage point to 59.7%. In January, average hourly earnings increased by \$0.23 to \$31.63. Over the last 12 months, average hourly earnings rose by 5.7%. The average work week fell by 0.2 hour to 34.5 hours in January.
- **There were 232,000 initial claims for unemployment insurance for the week ended February 19.** Over the course of 2021 and through the first two months of 2022, initial weekly claims and total claims for unemployment insurance benefits steadily decreased. As of February 12, there were 1,476,000 total claims for unemployment benefits. This is the lowest level for insured unemployment since March 14, 1970, when it was 1,456,000. A year ago, there were 4,469,000 total claims for unemployment insurance benefits.
- **FOMC/interest rates:** The Federal Open Market Committee did not meet in February. However, it is expected the federal funds target rate range will be adjusted higher following the March meeting.
- **GDP/budget:** Gross domestic product rose 7.0% in the fourth quarter of 2021 compared with a 2.3% advance in the third quarter. Consumer spending, as measured by personal consumption expenditures, climbed 3.1% in the fourth quarter (2.0% in the third quarter). The PCE price index, a measure of inflation, increased 6.3% in the fourth quarter after advancing 5.3% in the third quarter. Gross private domestic investment, which includes nonresidential and residential

fixed investment, vaulted 33.5% in the fourth quarter after gaining 12.4% in the third quarter. Nonresidential (business) fixed investment increased 3.1% (1.7% in the third quarter), while residential fixed investment increased 1.0% (-7.7% in the third quarter). Exports jumped 23.6% in the fourth quarter after falling 5.3% in the prior quarter. Imports climbed 17.6% following a 4.7% rise in the third quarter.

- The Treasury budget posted a notable surplus of \$118.7 billion in January, the first monthly surplus since September 2019. By comparison, the budget deficit was \$162.8 billion in January 2021. The January 2022 surplus helped shrink the overall cumulative deficit for the first four months of fiscal year 2022 to \$259.0 billion, 65.0% lower than the deficit over the same period in fiscal year 2021. So far for fiscal year 2022, individual income tax receipts have risen 43.0% and corporate income tax receipts have increased 32.0%. In January, government expenditures fell 8.0% to \$1.78 billion, while receipts rose 28.0% to \$1.52 billion. In January, budget outlays fell 37.0% to \$346.4 billion, while receipts increased 21.0% to \$465.1 billion.
- Inflation/consumer spending: According to the latest Personal Income and Outlays report for January, personal income rose less than 0.1%, while disposable personal income inched up 0.1% after increasing 0.4% and 0.2%, respectively, in December 2021. Consumer spending increased 2.1% following a 0.8% decrease in December. Consumer prices climbed 0.6% in January after advancing 0.5% in December. Consumer prices have risen 6.1% since January 2021. Prices for energy goods and services increased 1.1% in January and 25.9% over the past 12 months. Food prices rose 0.9% in January and 6.7% since January 2021.
- The Consumer Price Index climbed 0.6% in January, the same increase as in the previous month. Since January 2021, the CPI has risen 7.5% — the largest 12-month gain since February 1982. Price growth was broad based, with most major categories showing an increase, led by fuel oil (9.5%) and electricity (4.2%). Prices for food rose 0.9% in January. Energy prices increased 0.9%, although gasoline prices dipped 0.8%. Prices for new cars were flat, but used-car prices rose 1.5%. Over the last 12 months, energy prices have risen 27.0%, driven higher by gasoline prices (40.0%) and fuel oil (46.5%). Food prices have increased 7.0%, while prices for used cars and trucks have climbed 40.5%.
- Prices that producers receive for goods and services jumped 1.0% in January following a 0.4% increase in December 2021. Producer prices have increased 9.7% since January 2021. Prices less foods, energy, and trade services increased 0.9% in January, the largest increase since rising 1.0% in January 2021. For the year, prices less foods, energy, and trade services moved up 6.9%. Prices for services increased 0.7%. A major factor in the January increase in the prices for services was hospital outpatient care prices, which rose 1.6%. Prices for goods rose 1.3%, as prices for motor vehicles and equipment rose 0.7%.
- Housing: Sales of existing homes rose 6.7% in January, rebounding from a 3.8% decrease the previous month. Despite the January increase, existing home sales were still 2.3% under the January 2021 estimate. The median existing-home price was \$350,300 in January, down from \$358,000 in December 2021 and 15.4% lower than January 2021 (\$303,600). Unsold inventory of existing homes represents a 1.6-month supply at the current sales pace, down from 1.7 months in December. Sales of existing single-family homes increased 6.5% in January after falling 4.3% the previous month. Since January 2021, sales of existing single-family homes have fallen 2.4%. The median existing single-family home price was \$357,100 in January, down from \$364,300 in December.
- Sales of new single-family homes fell 4.5% in January after advancing 11.9% in December 2021. The median sales price of new single-family houses sold in January was \$423,300 (\$395,500 in December). The January average sales price was \$496,900 (\$482,300 in December). The inventory of new single-family homes for sale in January represented a supply of 6.1 months at the current sales pace, up from December's 5.6-month supply. Sales of new single-family homes in January, 2022 were 19.3% below the January 2021 estimate.
- Manufacturing: Industrial production increased 1.4% in January following a 0.1% decline in December 2021. In January, manufacturing rose 0.2% and mining increased 1.0%, while utilities jumped 9.9% after a surge in demand for heating. Total industrial production in January was 4.1% higher than it was a year earlier and 2.1% above its pre-pandemic (February 2020) reading. Since January 2021, manufacturing has risen 2.5%, mining has jumped 8.2%, and utilities have increased 9.3%.
- January saw new orders for durable goods increase 1.6% after increasing 1.2% (revised) in December. Excluding transportation, new orders increased 0.7% in January. Excluding defense, new orders increased 1.6%. Transportation equipment contributed to the increase in new orders, climbing 3.4% in January. Over the last 12 months, new orders for durable goods increased 16.5%.
- Imports and exports: Both import and export prices jumped higher in January. Import prices rose 2.0% after decreasing 0.4% in the prior month. The January rise in import prices was the largest monthly increase since April 2011. For the 12 months ended in January 2022, prices for imports have advanced 10.8%. Excluding import fuel, import prices increased 1.4% in January — the largest one-month advance since January 2002. Higher prices for nonfuel industrial supplies and materials; foods, feeds, and beverages; capital goods; consumer goods; and automotive vehicles contributed to the January increase in nonfuel import prices. Import fuel prices rose 9.3% in January, driven higher by higher petroleum and natural gas prices. Import fuel prices have advanced 60.3% over the past 12 months. Export prices rose 2.9% in January after falling 1.6% in December 2021. The January advance in export prices was the largest since January 1989. Higher prices for both agricultural and nonagricultural exports in January contributed to the overall increase in U.S. export prices. Export prices have risen 15.1% since January 2021.

The international trade in goods deficit was \$107.6 billion in January, up \$7.2 billion, or 7.1%, from December. Exports of goods were \$154.8 billion in January, \$2.8 billion less than in December. Imports of goods were \$262.5 billion, \$4.4 billion more than December imports.

- The latest information on international trade in goods and services, released February 8, is for December 2021 and shows that the goods and services trade deficit rose by \$1.4 billion to \$80.7 billion from the November 2021 deficit. December exports were \$228.1 billion, \$3.4 billion more than November exports. December imports were \$308.9 billion, \$4.8 billion more than November imports. For 2021, the goods and services deficit increased \$182.4 billion, or 27.0%, from the same period in 2020. Exports increased \$394.1 billion, or 18.5%. Imports increased \$576.5 billion, or 20.5%.
- International markets: The Russia-Ukraine crisis shook the globe since the Russian military operation against Ukraine began on Thursday, February 24. Several countries, including Great Britain and Japan, along with the European Union, imposed sanctions against Russia and its leadership. Benchmark indexes in Europe and Asia fell and oil prices surged in the immediate aftermath of Russia's advance into the Ukraine. The FTSE 100 in London fell 2.5%, the German DAX dropped 4.0%, the Nikkei 225 in Japan dipped 1.8%, and the CAC in Paris lost 3.6%. Overall, for the markets in February, the STOXX Europe 600 Index dropped 2.6%; the United Kingdom's FTSE gained 0.3%; Japan's Nikkei 225 Index dipped 1.0%; and China's Shanghai Composite Index climbed 2.7%.
- Consumer confidence: The Conference Board Consumer Confidence Index fell slightly in February following a decline in January. The index stands at 110.5, down from 111.1 in January. The Present Situation Index, based on consumers' assessment of current business and labor market conditions, improved to 145.1 in February, up from 144.5 in January. The Expectations Index, based on consumers' short-term outlook for income, business, and labor market conditions, declined to 87.5 in February, down 88.8 in January.

### Eye on the Month Ahead

The Federal Open Market Committee meets in March for the first time since January. It is expected that the Committee will raise the federal funds target rate by at least 25 basis points — the first such increase since December 2018. A bump in interest rates, coupled with the Russia-Ukraine conflict, is likely to impact economic and market growth, but to what extent and for how long is difficult to project.

*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.*

## Key Dates & Data Releases

<b>3/1: Markit Manufacturing PMI</b>	<b>Treasury budget</b>	<b>3/23: New home sales</b>
<b>3/3: Markit Services PMI</b>	<b>3/15: Producer Price Index</b>	<b>3/24: Durable goods orders</b>
<b>3/4: Employment situation</b>	<b>3/16: Retail sales, import and export prices, FOMC meeting statement</b>	<b>2/28: International trade in goods</b>
<b>3/8: International trade in goods and services</b>	<b>3/17: Housing starts, industrial production</b>	<b>3/29: JOLTS</b>
<b>3/9: JOLTS</b>	<b>3/18: Existing home sales</b>	<b>3/30: GDP</b>
<b>3/10: Consumer Price Index,</b>		<b>3/31: Personal income and outlays</b>



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