OBSERVATIONS

- The London Metal Exchange suspended trading in Nickel last week after the metal surged to $100,000 a ton — a near 250% increase over a two day stretch last week. The spike resulted from supply fears from Russia prompting the initial surge followed by a short squeeze (speculators betting on prices going down that were forced to buy back positions — one noted speculator was a Chinese tycoon who has reportedly suffered billions of dollars in losses.).[1]
- The trade deficit in January reached a fresh record of $89.7 billion as the value of imports rose +1.2% and the value of exports declined -1.7%.[1]
- Related to trade with Russia, the U.S. imports $1.96 billion while it exports just $397 million to Russia. Those figures rank Russia as the #22 (imports) and the #46 (exports) trade partner for the U.S., respectively.[1]
- Initial Public Offerings (Renaissance IPO Index) has declined -32.0% YTD and is now down nearly -50.0% after peaking in February 2021.[1]
- The most recent Job Openings and Labor Turnover survey from January shows the number of open jobs remains at more than 11 million and quit rate at over 4 million per month, which confirms the U.S. job market remains healthy and jobs plentiful.[2]
- The U.S. CPI hit +7.9% year-over-year (YoY) and core-CPI (excluding food and energy) hit +6.4% YoY. While both measures were in line with market expectations, these are the highest readings since the early 1980s.[3]
- ECB announced last week that it would wind down its quantitative easing efforts by Q3-2022 and opened the door to potential rate hikes later in 2022.[4]
- Consumer sentiment soured in March, hitting an 11-yr low, as high inflation weighs on the U.S. consumer.[1]

EXPECTATIONS

- The Biden administration moved to ban Russian oil imports, a mostly symbolic move, while European governments continue to debate the ban. The consequences of any ban would be more nuanced for both constituents as Russian oil makes up about 3% of all crude oil shipments to the U.S., while for the Euro area that figure stands at nearly 30%.[1]
- President Biden announced an executive order (his 82nd executive order to date) on digital assets, with a focus on six key areas which include consumer protection, financial stability, illicit activity, U.S. competitiveness, financial inclusion, and responsible innovation.[5]
- Russia is surging additional troops—including mercenaries from Syria—into Ukraine, increasing its shelling of Ukrainian cities, and appears to be positioning troops for a renewed assault on Kyiv.[6]

ONE MORE THOUGHT[7]: *China's Two Sessions – Aiming for Stable Growth*

Chinese authorities concluded their annual Two Sessions meetings—the main policy meetings of Chinese Communist Party—last week that set out the broad priorities and objectives for the coming year. In this year's meetings, Chinese officials announced economic goals of 5.5% real GDP growth, an official budget deficit of 2.8% of

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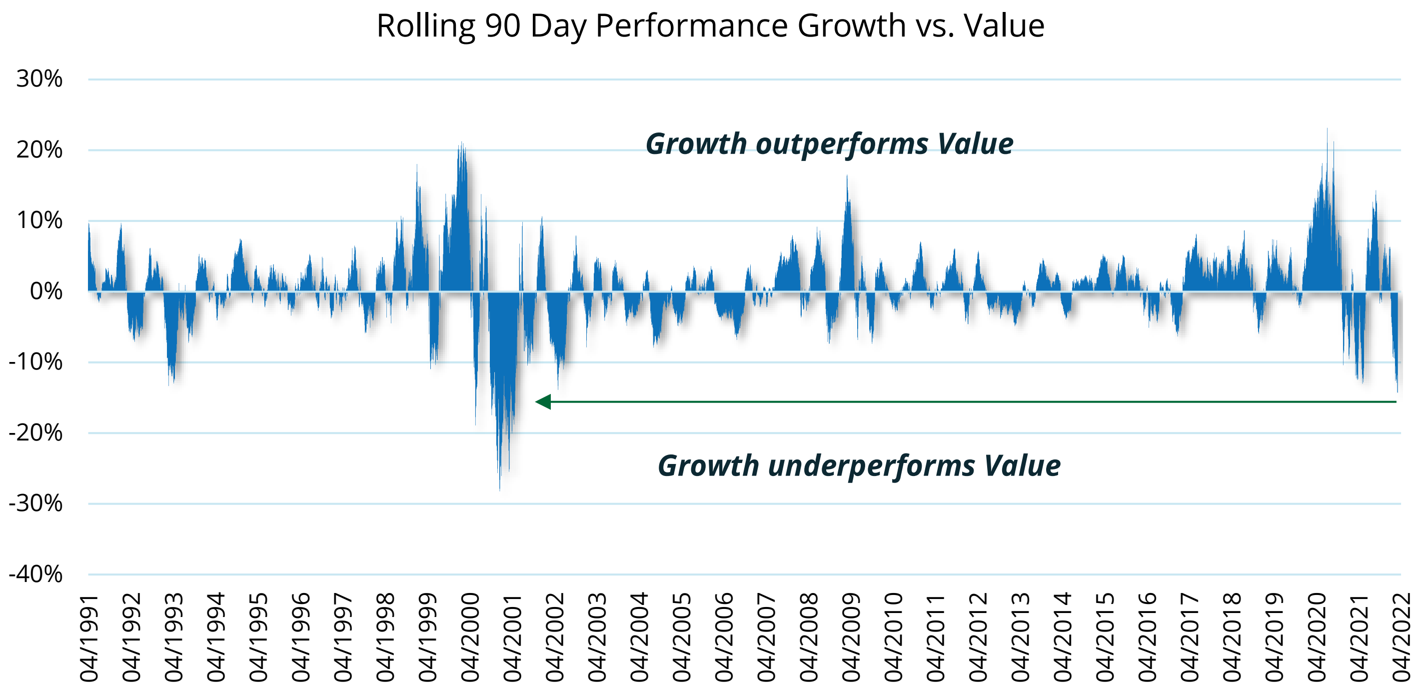
[1] *Bloomberg LP*
[2] *https://www.bls.gov/news.release/jolts.nr0.htm*
[3] *https://www.bls.gov/news.release/cpi.nr0.htm*
[4] *https://www.ft.com/content/4667f92c-2237-4a3c-8d91-9884531d363d*
[5] *CNBC, https://www.presidency.ucsb.edu/statistics/data/executive-orders*
[6] *https://www.wsj.com/articles/russian-airstrikes-intensify-in-western-ukraine-11646994808*
[7] *CSIS – China's Two Sessions: Ready, Aim, Spend; Credit Suisse "China: Stable &Transparent Regulatory Environment Needed to Achieve Growth Target"*

GDP, and commitment to keep a neutral-to-mildly stimulative monetary policy. While China's target for its official budget deficit is lower than last years (2.8% versus 3.2%) it omits additional, typically off-budget fiscal spending at the local-level that is supported by Beijing that will likely push total fiscal spending over 5% of GDP—about 1 percentage-point greater than the equivalent figure last year. China did not signal a fundamental change to its "Zero Covid Policy" but emphasized that its policies are likely to be further refined and more targeted. Also, many analysts expect Beijing to reduce the regulatory uncertainty that has hung over much of its technology sector last year, by halting any new regulatory changes as well as emphasizing "stable and transparent regulatory environment" while de-emphasizing its previous drive to enhance "common prosperity" and curtail tech profits.

CHART OF THE WEEK



Source: Clearstead, Bloomberg LP, as of 8-March-2022; Russell 1000 Growth Index vs. Russell 1000 Value Index

The most recent 90-day stretch has seen growth stocks (Russell 1000 Growth) underperform value stocks (Russell 1000 Value) by over -14% — the most in over 20 years — as traditional value sectors such as energy and utilities buoy value indexes, while growth stocks continue to take the brunt of selling, particularly the high growth stocks that had performed well in the immediate aftermath of the pandemic.

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Clearstead	Clearstead