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Economic Review

Mr. Clark has been in investment banking since 1983. He is a Chartered Financial Analyst. He has been a fixed income strategist at Stephens Inc. since 1996, developing investment strategies, policies and procedures for institutions consistent with overall asset/liability management. Mr. Clark is the risk manager for Fixed Income Sales and Trading, monitoring inventories, product, transactions and counterparty risk. He is also a member of Stephens Fixed Income Management, providing discretionary management services for institutional customers. He is a member of the American Institute of Certified Public Accountants and the CFA Institute.

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- The Labor Department reported that **initial jobless claims** fell more than expected last week and the prior week's number of claims was revised lower. The very low number of claims matches the lowest reading ever, except for one month in 1968. This week's data is considered more reliable than reports over the last two years as it returns to the seasonal adjustment process that was used prior to COVID. Claims in regular state programs decreased 5,000 to 166,000 for the week ending April 2nd, after reporting a downwardly revised 171,000 initial claims the prior week. The four-week moving average fell to 170,000 from 178,000 the prior week. The total number of people continuing to receive regular ongoing state benefits, a report which is lagged one week, increased 17,000 to 1.523 million for the week ending March 26th.
- The Commerce Department reported that **factory orders** decreased 0.5% in February after increasing 1.5% in January. **Factory orders ex transportation** increased 0.4% after gaining 1.2% in January. The closely followed forward looking demand from businesses for nondefense capital goods, excluding aircraft declined 0.2% in February after gaining 1.2% in January.
- The Commerce Department reported the **trade deficit** edged lower in February from lofty levels in January with both imports and exports climbing. The deficit decreased just slightly to a negative \$89.18b billion in February from a negative \$89.23 billion in January. **Exports** rose 1.8% to \$228.6 billion and **imports** climbed 1.3% to \$268.6 billion.
- The **Institute for Supply Management** reported its **Services** index, which covers services and construction, shows growth in services accelerated in March. The gain in services growth indicates the economy is still strong, even as rising inflation, supply-chain challenges and geopolitical uncertainty hurt consumer confidence. This gauge of service providers accounts for 90% of the economy. The services index improved to 58.3 in March from a 56.5 reading in February. A reading more than 50 indicates expansion in the services sector.
- The **FOMC Minutes** for the March 15-16th meeting confirmed Fed Governor Lael Brainard's warnings about a rapid balance sheet reduction and expectation that the FOMC will raise the Federal Funds rate by 50 basis points in May. The release of the minutes caused a rapid increase in yields across the yield curve. The minutes confirm the Fed is finally taking inflation pressures seriously and will quickly reduce its accommodative policy.
- The Federal Reserve reported **consumer credit** surged by the most on record in February. Consumers borrowed heavily with credit card purchases as well as loans for autos and student loans. Consumer credit increased \$41.8 billion after gaining an upwardly revised \$8.9 billion in January. Credit card debt jumped 18.0 billion to \$1.063 trillion with auto and student loan debt increasing by \$23.8 billion to \$3.420 trillion.
- The Commerce Department reported **wholesale inventories** rose 2.5% in February after gaining 1.2% in January. Year-on-year wholesale inventories have gained 19.9%. **Wholesale sales** increased 1.7% in February after gaining 5.0% in January, with year-on-year sales up 25.5%.
- The Mortgage Bankers Association reported the **MBA index of mortgage applications** decreased 6.3% for the week ending April 1st after declining 6.8% the previous week. **Refinancing** applications decreased 9.9% to 1,166 from 1,295 the prior week. **Home purchase mortgage applications** decreased 3.4% to 258.1. The **average contract rate** on a 30-year fixed-rate mortgage increased to 4.90% from 4.80% the prior week for a 30-year fixed rate loan.

BOND MARKET REVIEW

Friday's yields for the 2-, 5-, 10- & 30-year Treasury benchmark securities were 2.51%, 2.75%, 2.70%, and 2.72%. The 2yr/5yr, 5yr/10yr, 10yr/30yr and 2yr/30yr spreads closed at 24, -5, 2, and 21 basis points respectively.



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Economic/Events Calendar

Tuesday	April 12	Mar NFIB Small Business Optimism (95.0)	5:00 Central
		Mar Consumer Price Index (1.2%)	7:30 Central
		Mar Consumer Price Index-YOY (8.4%)	7:30 Central
		Mar CPI Ex Food & Energy (0.5%)	7:30 Central
		Mar CPI Ex Food & Energy-YOY (6.6%)	7:30 Central
		Mar Budget Statement (-\$190.0b)	13:00 Central
Wednesday	April 13	Apr 8 th MBA Mortgage Applications	6:00 Central
		Mar Producer Price Index (1.1%)	7:30 Central
		Mar Producer Price Index-YOY (10.6%)	7:30 Central
		Mar PPI Ex Food & Energy (0.5%)	7:30 Central
		Mar PPI Ex Food & Energy-YOY (8.4%)	7:30 Central
Thursday	April 14	Apr 9 th Initial Jobless Claims (175k)	7:30 Central
		Mar Retail Sales (0.6%)	7:30 Central
		Mar Retail Sales Ex Auto & Gas (0.0%)	7:30 Central
		Mar Import Price Index (2.3%)	7:30 Central
		Mar Import Price Index-YOY (11.8%)	7:30 Central
		Mar Import Price Index ex Petroleum (1.0%)	7:30 Central
		Feb Business Inventories (1.3%)	9:00 Central
		Apr University of Michigan Sentiment (59.0)	9:00 Central
Friday	April 15	Apr Empire Manufacturing (1.0)	7:30 Central
		Mar Industrial Production (0.4%)	8:15 Central
		Mar Capacity Utilization (77.8%)	8:15 Central

Source: Bloomberg Finance L.P.

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