



April 25, 2022

Financial Services Group
Troy W Clark, CFA
Fixed Income Strategist
501-377-6314

Author:

Troy Clark, CFA

Senior VP

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.

tclark@stephens.com

Stephens Inc.
111 Center Street
Little Rock, AR 72201

501.377.6314
800.809.2016

www.stephens.com

Member NYSE, SIPC

- The Labor Department reported that **initial jobless claims** edged lower last week. The very low level of claims are hovering near their historical low point and point to the extreme tightness in the labor market. Growing wages, the declining savings rate and the ending of expected stimulus checks are enticing workers back to the job market. Claims in regular state programs decreased 2,000 to 184,000 for the week ending April 16th, after reporting 186,000 initial claims the prior week. The four-week moving average rose to 177,250 from 172,750 the prior week. The total number of people continuing to receive regular ongoing state benefits, a report which is lagged one week, decreased 58,000 to 1.417 million for the week ending April 9th.
- The **National Association of Home Builders/Wells Fargo** reported housing sentiment pulled back to 77 in April from 79 in March. This is the fourth straight monthly drop and the lowest level since September. Housing affordability is an increasing concern as the combination of surging mortgage rates, rising home prices and labor and supply constraints push material costs higher.
- The Commerce Department reported that **housing starts** unexpectedly rose in March to the highest level since 2006. The increase in starts reflects a very strong pace of multifamily home construction as builders replenish their inventory. Builders are catching up to demand, but continue to face a large backlog due to supply chain issues. Housing starts gained 0.3% in March to a 1,793,000 annualized rate following February's 1,788,000 pace. Single-family starts retreated 1.7% in March with multi-family starts jumping 4.6%. **Building permits**, a gauge of future construction, rose 0.4% in March to a 1,873,000 pace.
- The National Association of Realtors reported that **existing home sales** dropped in March to its slowest pace since June of 2020. The limited supply of properties, rising mortgage rates and high prices lowered buyers incentive to purchase. Contract closing, which usually occur a month or two after a contract is signed decreased 2.7% in March to a 5.77 million pace after dropping 8.6% in February. The median selling price increased to \$375,300 from \$359,300 in February.
- The Fed released the latest rendition of the **Beige Book**, which is based on information collected through April 11, 2022. This report is published eight times each year. The tone of the report shows that economic activity grew at a moderate pace since mid-February. Several districts reported moderate employment gains despite hiring and retention challenges. Consumer spending accelerated among retail and non-financial service firms as COVID cases tapered across the country. Manufacturing activity was solid, but supply chain backlogs and labor market tightness elevated input costs. Commercial real estate activity accelerated modestly as office occupancy and retail activity increased. Agriculture conditions were mixed as farmers were supported by surging crop prices, but drought conditions were a challenge in some Districts. Outlooks for future growth were clouded by the uncertainty created by recent geopolitical developments and rising prices.
- The Conference Board reported the **index of leading economic indicators** rose 0.3% in March after gaining 0.6% in February. The gain was led by the strong labor data and the interest rate spread. The index was pulled lower by declining consumer expectations, ISM new orders and stock prices. The index of U.S. leading indicators is a gauge of the economic outlook for the next three to six months. The **coincident index**, a gauge of current economic activity, climbed 0.4% in March after gaining 0.4% in February.
- The Mortgage Bankers Association reported the **MBA index of mortgage applications** continued to decline as mortgage rates climb. The index decreased 5.0% for the week ending April 15th after declining 1.3% the previous week. **Refinancing** applications decreased 7.7% to 1,023 from 1,109 the prior week. **Home purchase mortgage applications** decreased 3.0% to 254.0. The **average contract rate** on a 30-year fixed-rate mortgage increased to 5.20% from 5.13% the prior week for a 30-year fixed rate loan.



April 25, 2022

Financial Services Group
Troy W Clark, CFA
Fixed Income Strategist
501-377-6314

BOND MARKET REVIEW

Friday's yields for the 2-, 5-, 10- & 30-year Treasury benchmarks securities were 2.67%, 2.93%, 2.90%, and 2.94%. The 2yr/5yr, 5yr/10yr, 10yr/30yr and 2yr/30yr spreads closed at 26, -3, 4, and 27 basis points respectively.

Economic/Events Calendar

Monday	April 25	Mar Chicago Fed Nat Activity Index (0.45)	7:30 Central
Tuesday	April 26	Mar Durable Goods Orders (1.0%)	7:30 Central
		Mar Durables Ex Transportation (0.6%)	7:30 Central
		Mar Cap Goods Orders Nondef ex Air (0.5%)	7:30 Central
		Feb FHFA House Price Index (1.5%)	7:30 Central
		Feb S&P CoreLogic CS 20-City Index (1.50%)	8:00 Central
		Apr Conf Board Consumer Confidence (108.2)	9:00 Central
		Mar New Home Sales (765k)	9:00 Central
Wednesday	April 27	Apr 22 nd MBA Mortgage Applications	6:00 Central
		Mar Goods Trade Balance (-\$105.0b)	7:30 Central
		Mar Wholesale Inventories (1.5%)	7:30 Central
		Mar Retail Inventories (1.4%)	7:30 Central
		Mar Pending Home Sales (-1.0%)	9:00 Central
Thursday	April 28	Apr 23 rd Initial Jobless Claims (180k)	7:30 Central
		1 st Qtr Gross Domestic Product (1.1%)	7:30 Central
		1 st Qtr GDP Price Index (7.2%)	7:30 Central
		1 st Qtr Personal Consumption (3.5%)	7:30 Central
Friday	April 29	1 st Qtr Employment Cost Index (1.1%)	7:30 Central
		Mar Personal Income (0.4%)	7:30 Central
		Mar Personal Spending (0.7%)	7:30 Central
		Mar PCE Deflator-YOY (6.7%)	7:30 Central
		Apr Univ of Michigan Sentiment (65.7)	9:00 Central

Source: Bloomberg Finance L.P.

This report has been prepared solely for informative purposes as of its stated date and is not a solicitation, or an offer, to buy or sell any security. All expressions of opinion reflect the judgment of the individual expressing the opinion and are subject to change. This report does not purport to be a complete description of the markets or developments referred to in the material. Information included in the report was obtained from internal and external sources which we consider reliable, but we have not independently verified such information and do not guarantee that it is accurate or complete. Prices, yields, and availability are subject to change with the market. There is no assurance any forward looking statements will be realized or any of the trends mentioned will continue. Nothing in this report is intended, or should be construed, as legal, accounting, regulatory or tax advice. Additional information available upon request.