

Equity Markets

All three major U.S. stock indexes were higher by around 2% to 3%, rebounding from declines of roughly 3% the previous week. The S&P 500 snapped a string of three weekly losses in a row. Through Wednesday it appeared that the markets would continue the same trend, as the last few weeks, but on Thursday stocks began to turn positive.

	<u>2/27 Open</u>	<u>3/3 Close</u>	<u>Change</u>
Dow Jones	32,817	33,391	+1.9%
S&P 500	3,970	4,045	+2.0%
NASDAQ	11,395	11,689	+2.6%
KBW Bank Index	109.1	109.4	+0.3%
VIX	21.7	18.5	-14.7%
Oil (WTI)	76.3	79.3	+3.4%

On Friday a gauge that tracks economic activity across the U.S. services sector showed the highest monthly reading since last June, which helped lift the major U.S. stock indexes to gains of 1% to 2% on Friday.

The price of U.S. crude oil climbed more than 4% to nearly \$80 per barrel, recovering ground lost over the previous two weeks of price declines. Among the catalysts was a report showing positive economic momentum in China, which could lift demand for oil.

Interest Rates/Bonds

Concerns about inflation and further interest-rate hikes continued to weigh on prices of government bonds, sending yields higher. The 10-year U.S. Treasury bond's yield closed above 4.00% on Thursday for the first time in four months, although it slipped below that threshold on Friday.

	<u>2/27 Open</u>	<u>3/3 Close</u>	<u>Change</u>
3mo UST	4.77%	4.78%	+1bp
2yr UST	4.78%	4.86%	+8bp
5yr UST	4.22%	4.24%	+2bp
10yr UST	3.94%	3.97%	+3bp
2-10yr UST Spread	-83 bp	-90 bp	-7bp
10yr Inflation Rate	2.38%	2.51%	+13bp

The 2-year note's yield climbed as high as 4.94% on Thursday—the highest since 2007.

Following the 2-year notes yield increase the 2-year to 10-year Treasury yield spread dropped to -90.63%, during the week.

Washington

Several banking and credit union trade groups wrote the CFPB requesting more time to comment on its controversial proposed rules that would drastically cut credit card late fees. The Feb. 28 letter was co-signed by the American Bankers Association, Consumer Bankers Association, Independent Bankers Association of America, Bank Policy Institute, Credit Union National Association, National Association of Federally-Insured Credit Unions, and National Bankers Association.

The U.S. Treasury Department has awarded nearly \$200 million to more than 250 community development financial institutions for fiscal 2022. The awards will help "substantively expand" lending and investment activity in disadvantaged and distressed areas, traditionally underserved by the financial community."

Federal banking regulators are aiming to issue final guidance under the Community Reinvestment Act during the first half of 2023. The interagency plan would expand the reach and scope of assessments on whether financial institutions are providing enough banking services to low- and moderate-income communities under the 1977 law.

The FDIC, Office of the Comptroller of the Currency and Federal Reserve unveiled the proposed rules in May 2022.

Economic Results 2/27 – 3/3

Jan Pending Home Sales: Pending home sales crushed expectations in January, when mortgage rates dropped from recent highs of more than 7% and home buyers jumped at the opportunity.

Feb ISM Manufacturing: The U.S. manufacturing sector contracted in February, as the Manufacturing PMI registered 47.7 percent, 0.3 percentage point higher than the reading of 47.4 percent recorded in January.

Economic Week Ahead

Jan Durable goods (Mon)

Feb. ADP Employment
Jan. JOLTS (Wed)

Nonfarm Payroll (Fri)

Quote

"There is nothing impossible to they who will try."

– Alexander the Great

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The source for the information above is Bloomberg News unless otherwise noted.