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Monthly Market Review

Provided by Kistler-Tiffany Advisors

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Fed Chairman Jerome Powell left no doubt that the Russian invasion of Ukraine will not deflect the nation's central bank from raising short-term interest rates in just 1 ½ weeks. In testimony on Capitol Hill last week, Chairman Powell said Fed officials are focused on “substantial excess (consumer) demand” and their immediate need is to bring “demand back down to where demand and supply are more in sync.” The February jobs gain of +678,000 new jobs did nothing but strengthen the Fed's case – *interest rates are going up next week* (source: Federal Reserve).

The war in Ukraine has heightened worries that the supply of Russian oil will be impacted. The price of West Texas Intermediate crude rose by more than \$24 a barrel in just one week, up +26% for the week to close at \$115.68 a barrel. The price of gasoline in America followed suit, rising 41 cents a gallon last week to a national average of \$4.01 a gallon. *So much for “transitory” inflation in 2022* (source: NYMEX, AAA).

The US stock market has always been driven by headlines, and right now *the headlines may not be new but they are remarkable*: geopolitics that include the threat of a nuclear disaster; domestic inflation at 40-year highs; a rise in interest rates that starts in a week; and the end this month of a bond purchase program run by the Federal Reserve that bought \$4.6 trillion of debt in the last 2 years, all done in an effort to prevent the global pandemic from sending the US economy into a long recession (source: BTN Research).

Notable Numbers for the Month:

1. ***DEFAULT*** - Russia announced on **8/17/1998** that it was unable to service its **government debt** (both short-term and long-term) with a **face value of \$45 billion**, causing ripples in the global economy. The S&P 500 **fell 11.6%** (total return) **within 2 weeks** (to 8/31/1998) before recovering. From 8/17/1998 to 2/17/1999 (**6 months**), the S&P 500 was **up +13.8%** (total return), continuing a **bull run** that would **end on 3/24/2000** (source: BTN Research).

2. **I'M GOING ELSEWHERE** - 47.4 million Americans **quit their full-time jobs** in 2021, the **highest annual number** recorded in the United States based on data tracked **since 2001** (source: Department of Labor)..
 3. **COULD THE INVASION IMPACT THESE EXPORTS**- 12% of the world's **wheat exports** and 16% of the world's **corn exports** come **from Ukraine** (source: Department of Agriculture).
 4. **BRAND NEW HOMES** - The **median sales price** of a **new home** sold in the USA in January 2022 was **\$423,300**, an **all-time record high** both on a **nominal basis** and on an **inflation-adjusted basis** (source: Census Bureau).
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The above communication is written by Michael A. Higley. Mr. Higley is not an employee of Kistler-Tiffany Advisors and any comments, opinions or facts listed are those of Mr. Higley.

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