

March 2022 Market Commentary

The Ukrainian people are in Aquinas's thoughts and prayers: We pray God that you help world leaders to recognize that we are all Your children and that a peaceful and expedient resolution emerges. Amen.

It is no mystery to casual market observers that the stocks are roiling post-Ukraine. It will continue to be the dominant market force not just until there is a cease-fire, but until there is clarity on Russian banking system, Oil markets, and global solidarity signaling against other sovereign nations considering making unprovoked attacks in the future.

YTD Performance¹

S&P 500 = -8.33%

Nasdaq = -12.38%

Crude Oil = +35.43%

Gold = +5.38%

Copper = +2.08%

Wheat = +27.67%

Bitcoin = -5.74%

Panning away from the Ukraine cross-current, inflation is the second major market driver at the moment. With Fed Chairman Jerome Powell retiring the word "transitory" in his characterization of inflation, the stock market has swooned in anticipation of less dovish monetary policy supporting prices this year. Important to note that the fed didn't even move to a neutral stance to cause this price reaction. It just pulled back slightly and was slightly less supportive of markets, but continuing to provide support nonetheless. The Fed is currently between:

1. Maintaining its current easy money quantitative easing program which is an inflationary force, or
2. Titrating into a less-dovish monetary stance until the Fed achieves its stated goal of 2% inflation over time.²

On Feb 2, 2022, the faith-based investing space gained more participants with the launch of FIS Biblically Responsible Risk Managed ETF (Ticker: PRAY).³ The fund states to have no less than 80% of its capital put towards investments that underpin Christian beliefs.

Jamie Dimon, CEO of JP Morgan, told a CNBC reporter on Jan 10, 2022 that "We're going to have the best growth we've ever had this year, I think since maybe sometime after the Great Depression."⁴ This needs to be taken in the appropriate pre-Ukraine context, but it illustrates the recent optimism invigorating markets despite inflation headwinds if we can successfully get past the conflict.

¹ https://www.wsj.com/market-data?mod=nav_top_subsection

² <https://www.dallasfed.org/research/economics/2021/0406.aspx?topics=Inflation>

³ <https://faithinvestorservices.com/pray/>

⁴ <https://www.cnbc.com/2022/01/10/jamie-dimon-sees-the-best-economic-growth-in-decades-more-than-4-fed-rate-hikes-this-year.html>

Aquinas Wealth AdvisorsSM Wealth has been prepared for a market correction for a variety reasons leading into the Ukraine last week and holding a higher than normal amount of cash in our asset allocations. If this attack mirrors similar isolated conflicts in the region over the years, we are not overly concerned about the market impact of this event with the information we have currently. What we are concerned with and watching carefully however is this event growing into a unique larger global conflict, continued high inflation, and US government fiscal and monetary responses yielding a “soft landing” for markets.

The market abhors uncertainty and until clarity emerges with respect to Ukraine, there will be downward pressure on stocks. We pray for Ukraine and that the fog of war will dissipate in the coming weeks. As we get increasing clarity during this market downturn, we are prepared to deploy our excess cash and opportunistically purchase additional investments at cheaper valuations as we keep our eyes on the horizon.

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