

THE CAPITAL MARKETS

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The Dow Jones Industrial Average (DJIA) finished February at 33,893, down 3.53% for the month, down 6.73% so far for the year. The S&P 500 closed February at 4,374, down 3.14% for the month, down 8.23% year-to-date. The NASDAQ Composite fell 3.43% in February, down 12.10% for the year. Small-company stocks, as measured by the Russell 2000, ended February up +0.97% for the month, down 8.78% year-to-date. Energy (+7.6%) was the best performing sector in February.

Special Report - Russia Invades Ukraine

On Thursday evening, February 24, Russian President Vladimir Putin announced that military operations were commencing in Ukraine. Since then, live reports of war, shellings, and a refugee crisis have been coming from Ukraine. We join the PC(USA) and people of faith all around the world in praying for peace for the people of Ukraine and for an end to the senseless violence.

The response from the global community has been swift, with a growing list of the world's largest economies announcing sanctions on Russian industry, Russia's banking system, and government officials themselves. The immediate effects have been severe for the Russian capital markets, with their currency, the Ruble, losing over -20% in a single day Friday and their stock market being forced to close due to the severity of the sell-off. After an already volatile start to the year for global markets, uncertainty surrounding the conflict and its trajectory have rattled markets globally, and volatility has spiked. After falling as much as -12.5% from its high, the S&P 500 has recovered some losses at the time of this writing, although risk and uncertainty remains elevated and increasing.

Many market observers are pointing to historical comparisons in evaluating the crisis, noting that in most recent cases, geopolitical flare-ups have resulted in only short-term disruptions to the capital markets. Others have also pointed out that Russia and Ukraine account for only around 3% of global economic GDP and 0.5% of the global stock market capitalization. Despite this data, global investors do have a number of risks being exacerbated by the crisis. With inflation and supply chain issues one of the primary economic drivers of 2022, and Russia a key supplier of oil and natural gas globally, many expect inflation and supply disruptions to only worsen given the current crisis. Russia and Ukraine are also key global suppliers of certain commodities such as wheat and grain, and other minerals that are critical for the manufacturing of computer chips. Inflationary pressures have been pushing the Federal Reserve to increase the pace of monetary tightening and to raise interest rates, a major headwind for markets in 2022.

Below is the advice that we're giving investors during this time of heightened volatility. In times like these, we become more aware than ever of the things that can't be measured in dollars and cents. We will continue to join the global Church in prayer for peace and safety for those affected by this crisis; please reach out if we can help you or your committees.

"Stock markets have been battered in 2022, with the S&P 500 and Nasdaq both posting their worst two-month stretches since March 2020 to start the year. The war in Ukraine has further soured investors' sentiment. Though only 1% of S&P 500 companies revenue stems from Russia and Ukraine, investors are still worried about ripple effects on the global economy. The geopolitical crisis came as economies were already facing the highest inflation in decades." (The Wall Street Journal, *Stocks Fall, Oil Again Tops \$100 Amid Sanctions*, Will Horner, March 1, 2022)

"The crisis in Ukraine continued to stoke turbulence across global markets, helping send the S&P 500 lower for a second straight month and Russian markets plunging."

(The Wall Street Journal, *Stocks Fall, Oil Leaps as Ukraine Crisis Deepens*, Gunjan Banerji, Feb. 28, 2022)

Navigating Times of Volatility and Uncertainty

- Evaluate if things have changed for your situation- Unlike the Covid-19 pandemic in 2020, the war in Ukraine is less likely to directly affect the day-to-day budgets and situations of many of our investors at this time. We encourage investors to only make major changes to your asset allocations or portfolios if there are major changes to your goals or situation, not based on short-term market swings, which can occur rather frequently.
- Remain Diversified- Certain industries and sectors will zig while others zag in markets, and this is especially true in times of volatility. The worst of the market weakness from inflation fears and the Ukraine crisis have been concentrated in certain sectors such as high growth stocks and geographies such as eastern Europe. Investors are encouraged to remain broadly diversified and avoid concentrations in any one area.
- Maintain Context- For diversified investors whose situation has not changed, and who have a healthy cash reserve, we encourage maintaining an outlook consistent with your time horizon. Long-term investors will face many corrections and crises over their investment horizon. We encourage focusing on what you can control, and sticking to a prudent plan.

INDEX OR METRIC	CLOSE AS OF 01/31/2022	CLOSE AS OF 02/28/2022	CHANGE PREVIOUS MONTH END	2022 YTD % CHANGE
Dow Jones Industrial Average	35,131.86	33,892.60	-1,239.26	-6.73%
S&P 500	4,515.55	4,373.94	-141.61	-8.23%
NASDAQ Composite	14,239.88	13,751.40	-488.48	-12.10%
RUSSELL 2000	2,028.45	2,048.09	+19.64	-8.78%
Fed Funds Rate	0.00%-0.25%	0.00%-0.25%	UNCHANGED	
2-Year Treasury	1.18%	1.44%	+0.26%	
10-Year Treasury	1.79%	1.83%	+0.04%	
Crude Oil \$ per Barrel	\$88.15	\$96.41	+\$8.26	+28.19%
Gold \$ per Troy oz.	\$1,796.40	\$1,906.00	+\$109.60	+4.23%
UK Point in U.S. \$	\$1.3417US=1£	\$1.3416US=1£	\$ WEAKER	-0.94%
Euro in U.S. \$	\$1.1210US=1€	\$1.1232US=1€	\$ WEAKER	-1.23%
Canada \$ per U.S. \$	\$1.2718C=\$1.00US	\$1.26835C=\$1.00US	\$ WEAKER	+0.41%
Japan Yen per U.S. \$	115.225¥=\$1.00US	115.175¥=\$1.00US	\$ STRONGER	+0.02%