

GDP Unexpectedly Contracts in the First Quarter

U.S. GDP surprised to the downside in the first quarter, registering a -1.4% decline. That followed a particularly strong fourth quarter to end 2021 that saw +6.9% GDP growth. Many factors contributed to the weak quarter for GDP, including the Omicron surge of Covid-19, the timing of businesses restocking their inventory, and most of all a wide trade deficit between imports and exports for the quarter. This trade dynamic was widely viewed as the result of short term supply chain issues and is expected to reverse later in the year. U.S. consumer spending, accounting for about two-thirds of GDP, rose at a healthy +2.7%. The risk of recession, defined as two consecutive quarters of GDP contraction, has received a lot of attention recently with the numerous and escalating risks to markets and to the economy. Many expect, however, that the second quarter of this year will bounce back to positive growth, and that recessionary risks are most apparent a few quarters away depending on the trajectory and the impact of the Federal Reserve's monetary tightening policies. Signs that inflation has peaked and is heading lower will be a welcome and important signal to markets.

Market Metrics

INDEX OR METRIC	CLOSE AS OF 03/31/2022	CLOSE AS OF 04/30/2022	CHANGE PREVIOUS MONTH END	2022 YTD % CHANGE
Dow Jones Industrial Average	34,678.35	32,977.21	-1,701.14	-9.25%
S&P 500	4,530.41	4,131.93	-398.48	-13.31%
NASDAQ Composite	14,220.52	12,334.64	-1,885.88	-21.16%
RUSSELL 2000	2,070.13	1,864.10	-206.03	-16.98%
Fed Funds Rate	0.00%-0.25%	0.25%-0.50%	+0.25%	
2-Year Treasury	2.28%	2.70%	+0.42%	
10-Year Treasury	2.32%	2.89%	+0.57%	
Crude Oil \$ per Barrel	\$100.28	\$104.69	+\$4.41	+39.20%
Gold \$ per Troy oz.	\$1,954.00	\$1,911.70	-\$42.30	+4.54%
UK Pound in U.S. \$	\$1.3166US=1£	\$1.2555US=1£	\$ STRONGER	-7.31%
Euro in U.S. \$	\$1.1126US=1€	\$1.0550US=1€	\$ STRONGER	-7.23%
Canada \$ per U.S. \$	\$1.24905C=\$1.00US	\$1.27805C=\$1.00US	\$ STRONGER	+1.18%
Japan Yen per U.S. \$	121.375¥=\$1.00US	129.56¥=\$1.00US	\$ STRONGER	+12.51%