



# Wealth Strategies Team

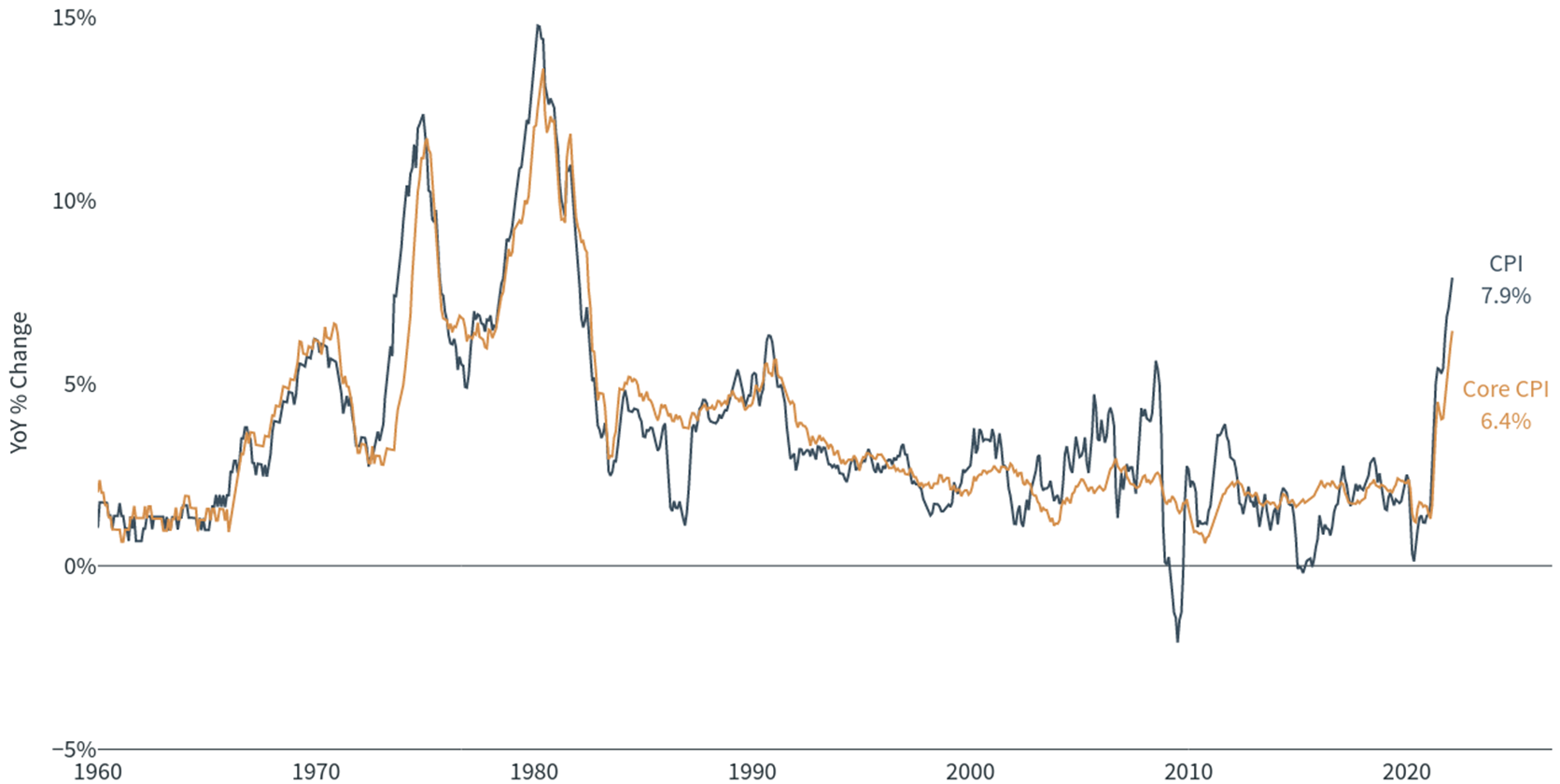
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**Interest Rates and Stock Selection - Chartbook**

Cliff Jarvis | Investment Advisor | April 7, 2022

# Consumer Price Index

## CPI and Ex Food and Energy, YoY % Change



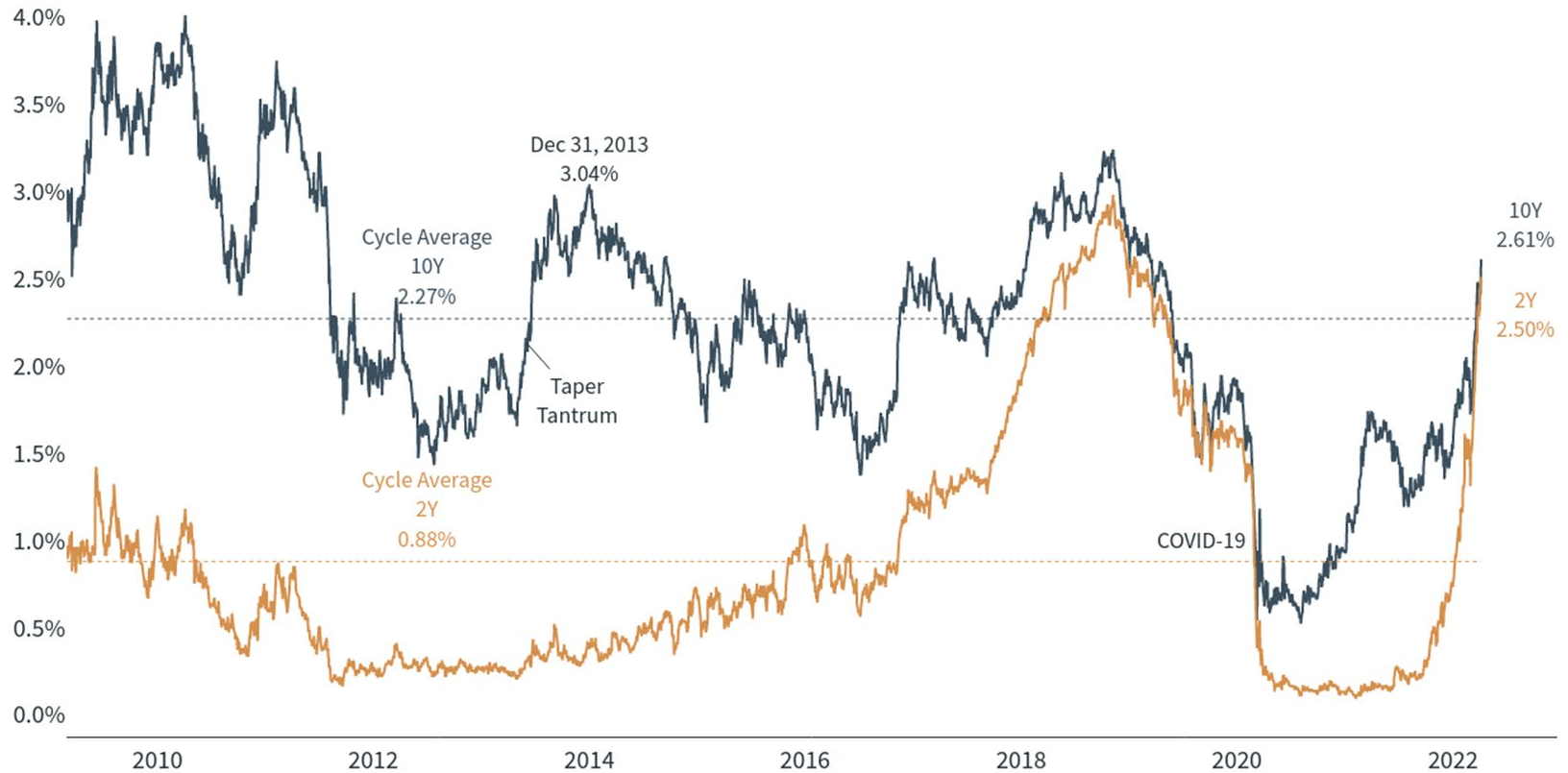
Latest data point is Feb 2022

- CPI is a commonly cited measure of inflation.
- Inflation remains at multi-decade highs due to strong demand and supply chain disruptions.

Source: U.S. Bureau of Labor Statistics

# Interest Rates

## 10-year and 2-year yields since 2010



Latest data point is Apr 6, 2022

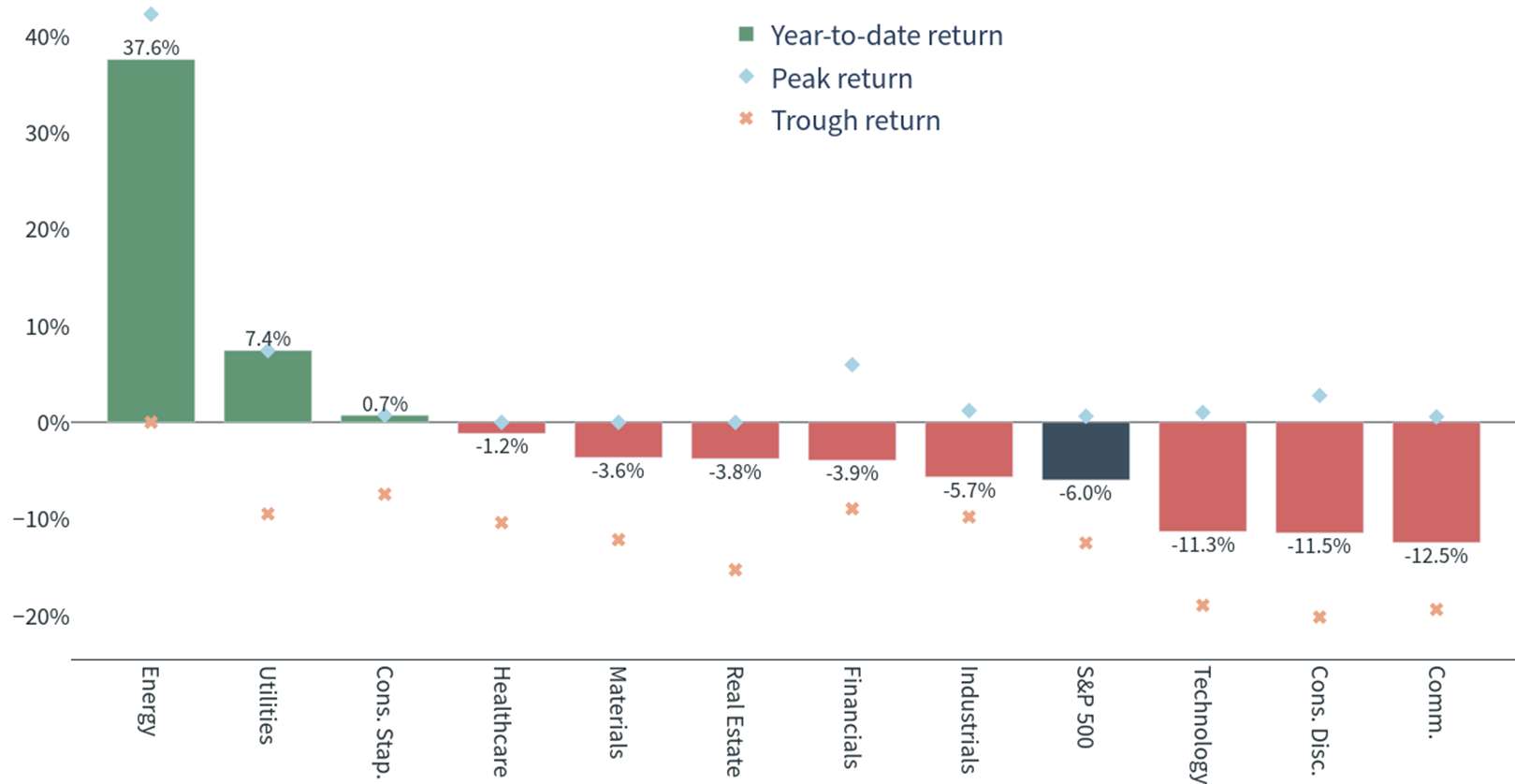
- Many interest rates have risen this year as inflation fears grow and the Fed raises rates.
- The 10-year Treasury yield jumped early in 2022 and many expect it could continue to increase.

Source: Federal Reserve

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# Sector Returns – Year-to-Date

S&P 500 sector year-to-date, peak and trough returns

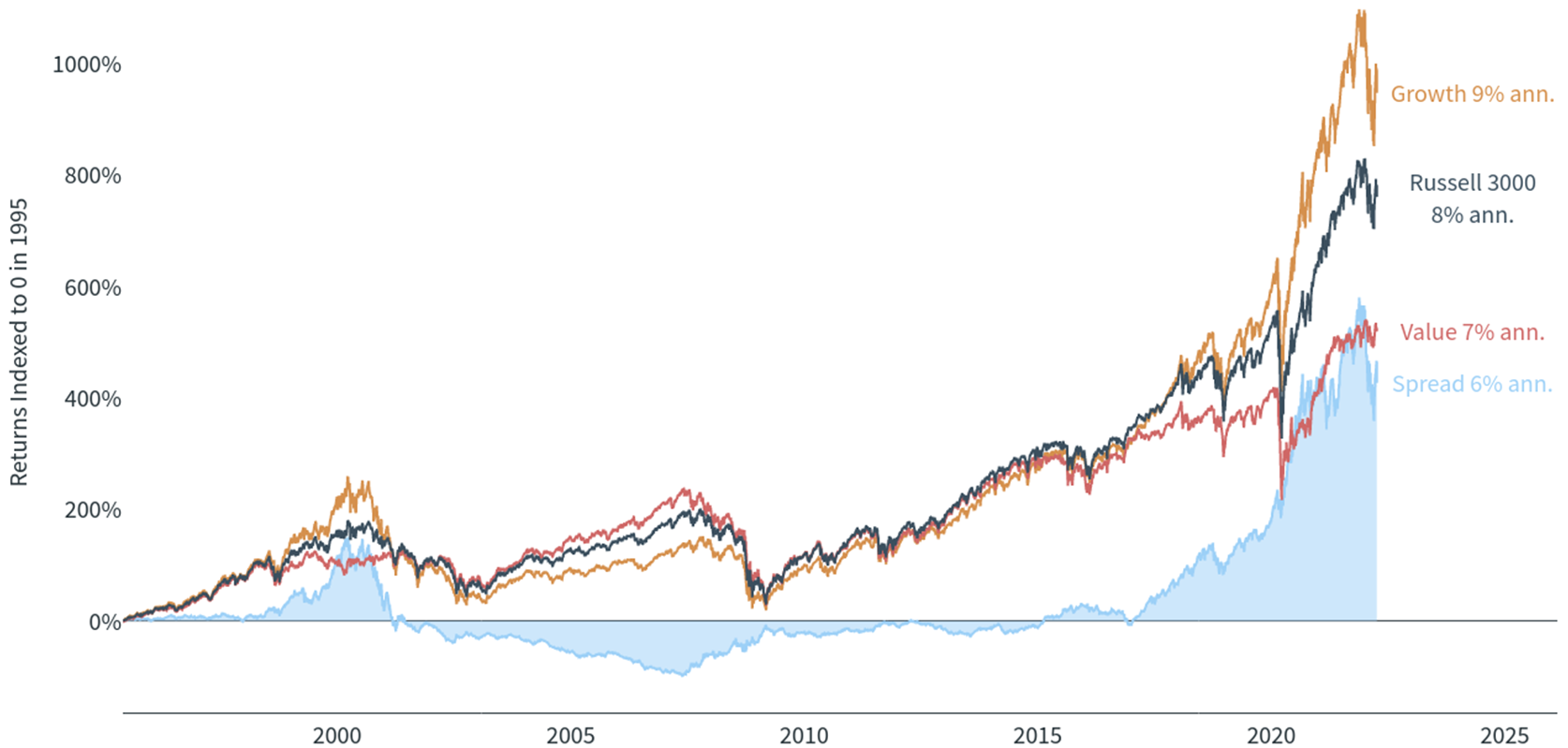


Latest data point is Apr 6, 2022

- Stock market sector leadership has shifted multiple times.
- Technology-driven sectors initially led the pack but rotations to commodity-sensitive, consumer and rate-sensitive have occurred since.
- Most investors should continue to benefit from broad diversification across sectors and industries.

# U.S. Growth vs Value Performance

*Russell 3000 Growth and Value price returns and performance spread  
Returns and spread are indexed to 0 in 1995*



Latest data point is Apr 6, 2022

- Growth stocks have outperformed Value stocks in recent years but this is now reversing.
- Growth and Value often trade off over the course of years and decades, as seen in the spread over time.

# Definitions and Methodology

The **S&P 500** is a market capitalization-weighted index of large cap U.S. stocks. U.S. **mid cap** and **small cap** are the S&P 400 and S&P 600, respectively. **Value** and **growth** are the corresponding Standard and Poor's value and growth indices.

**MSCI EM** is an index of emerging market stocks. **MSCI EAFE** is an index of developed market stocks. **MSCI ACWI** is an index of global stocks.

The **forward P/E** is a ratio of the current market price of an index divided by an estimate of earnings over the next twelve months. The **Shiller P/E** is based on Robert Shiller's cyclically adjusted price-to-earnings ratio.

The **AAll Investor Sentiment** index is based on a weekly survey conducted by AAll.

Unless stated otherwise, **earnings** and **valuations** data are from Refinitiv indices.

The **LEI**, or Leading Economic Index, is produced monthly by the Conference Board.

**Consumer sentiment** indices are based on surveys conducted by the University of Michigan Surveys of Consumers.

## **Asset Class Performance and Asset Classes Relative to U.S.**

**Stocks charts:** The EM, EAFE, Small Cap, Fixed Income and Commodities are these indices, respectively: MSCI EM, MSCI EAFE, Russell 2000, iShares Core U.S. Bond Aggregate, Bloomberg Commodity Index.

**Fixed Income Performance:** All sectors are represented by the Bloomberg Barclays bond indices except for EMD USD and Local which are the JPMorgan EMBIG Diversified Index and JPMorgan GBI-EM Core Index, respectively.

The Balanced Portfolio is a hypothetical 60/40 portfolio consisting of 40% U.S. Large Cap, 5% Small Cap, 10% International Developed Equities, 5% Emerging Market Equities, 35% U.S. Bonds, and 5% Commodities.

The **Bloomberg Commodity Index** is a broadly diversified basket of physical commodities futures contracts.

The **DXY** is a U.S. dollar index based on a basket of currencies, including the Euro, Yen, Pound, Canadian Dollar, Swedish Krona and Swiss Franc.

**Portfolio Risk/Reward and Portfolio Drift Since 2009** charts: stocks and bonds are the S&P 500 and iShares Core U.S. Bond Aggregate, respectively. Each portfolio represents a hypothetical stock/bond asset allocation.

The **MSCI Factor** indices are created and maintained by MSCI to capture factor returns. They cover various factors including Quality, Size, Momentum, Volatility, Value and Yield. The Multi-Factor index tracks the performance of Value, Momentum, Quality and Size.

The **MSCI USA** index tracks large and mid cap U.S. stocks.

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