

Monthly Market Summary

Market Update and Economic Developments

- The S&P 500 Index posted a 3.71% positive return in March. The inflationary environment alongside the Federal Reserve’s rate hike favored equities over fixed income. Global equities are seeing inflows after several weeks of large outflows following Russia’s invasion of Ukraine. Volatility calmed some, with the VIX, an index designed to measure expected volatility in the U.S. stock market, falling to 19 at month end from the mid-30’s in early March.
- High energy prices live on. The average price per gallon of gasoline in the U.S rose from \$3.52 in February to \$4.22 in March. President Biden announced the U.S will tap into domestic reserves to reduce reliance on foreign markets. Domestic supply is estimated to increase by one million barrels a day, accounting for 5% of U.S oil consumption.
- Unemployment continues to approach pre-pandemic figures, as March posted 3.6% unemployment. Although generally a strong indicator of economic conditions, Federal Reserve Chair Jerome Powell warned that labor market tightness may have reached an undesirable level.



Benchmark Indexes: Large Cap = S&P 500; Mid Cap = Russell Mid Cap; Small Cap = Russell 2000; International Developed = MSCI EAFE; Emerging Markets = MSCI EM.



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Fixed Income Market Update and Other Assets

- The Federal Open Market Committee increased the federal funds rate by 0.25% at their mid-March meeting, in an attempt to combat rising inflation. This is the first rate hike since December of 2018. Jerome Powell believes that the U.S economy is strong enough to endure rising interest rates.
- Core Fixed Income posted a -2.78% return in March.
- Midstream Energy continues to perform well, up 7.02% for the month aided by increasing energy demand and cyclical momentum.
- The Consumer Price Index (CPI) rose 0.8% in February, up from a 0.6% increase in January. Headline inflation continued to impact consumers as gasoline was responsible for nearly a third of the monthly increase, rising by 6.6%. Food prices rose by 1.0%, its largest monthly increase since April 2020.

FIXED INCOME AND OTHERS



Domestic Fixed Income - Barclays US Agg; Municipal Bonds - Barclays 4-6 Yr Muni; High Yield - Barclays US Corp. HY; Floating Rate Corporate Loans - S&P/LSTA Leveraged Loan Index; Commodities - Bloomberg Commodity; MLPs - Alerian Midstream Energy.



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