

## STOCKS REBOUND IN MARCH

After experiencing back-to-back monthly declines to start the year, the S&P 500, an index of the 500 largest publicly traded companies in America, rebounded in March with a gain of 3.7%. The technology-heavy NASDAQ Index, which includes many headline growth stocks such as Apple, Netflix and Tesla, also returned a positive gain of 3.5% for the month.

Despite a stronger finish to end the quarter, both indexes are still in negative territory for the year with the S&P 500 down 4.6%, its first quarterly decline since 2020, and the NASDAQ down 9%, its largest quarterly decline since 2020. International stocks fell as well as the MSCI World Equity Index, a broad global equity index that represents non-U.S. based large and mid-cap companies, which had its worst quarter in two years, declining nearly 6%.

The bond market suffered its worst quarter in 40 years due to high inflation and expected higher interest rates. The Bloomberg U.S. Aggregate Bond Index, a broad-based fixed-income index, declined by 2.8% for the month and approximately 6% for the quarter.

Market volatility remains elevated as the geopolitical crisis between Russia and Ukraine has intensified. Inflationary pressures persist, and the anticipation of rising interest rates looms.

U.S. inflation rose at an annual rate of 7.9% in February, the highest level in nearly 40 years. In response, the Federal Reserve increased the Fed Funds rate by 0.25%, the first hike since 2018. There are six more rate increases expected in 2022. On the plus side, job growth remained solid with the unemployment rate falling more than expected to 3.6% in March.



The first quarter of 2022 was an unusual market period where macro and geopolitical events dominated investor sentiment. During any period of short-term market stress, it is an important reminder to maintain a diversified portfolio that is not concentrated in any specific geographic region or asset class. Diversification generally reduces risk while simultaneously increasing the potential for enhanced investment returns. To be diversified on a long-term basis, the key is to select asset classes that are unlikely to experience similar price movements.

When investing, it is important to focus on your long-term goals, especially in more volatile market periods. Even though stocks may fall during any short-term time frame, they tend to reward patient investors over the long term.

As always, Jemma Financial is here to help you accomplish your financial goals and address any questions that you may have.

I'm Katie Dudley and that's our market update for March.



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