AMJ Financial Wealth Management
Weekly Market Commentary
March 28, 2022

The Markets

Be careful what you ask for, you just might get it.

In early March, almost two-thirds of Americans who participated in a *Nationwide Retirement Institute* survey said the Federal Reserve (Fed) should take more aggressive action on inflation. The next week, the Federal Open Market Committee (FOMC) did just that. It increased the target range for the Federal funds rate by a quarter point to 0.25 percent to 0.50 percent.

When rates rise, borrowing becomes more expensive. The change often reduces demand and pushes prices – and inflation – lower. Last week, the Fed rate hike began to affect consumers and investors in a variety of ways. We saw:

- **A sharp increase in Treasury rates**. Last week, the 2-year UST rate rose from 1.97 percent to 2.30 percent. When bond rates rise, bond prices fall, and that can make bonds less attractive to investors. Ben Levisohn of *Barron's* reported:

  "With government bonds on pace for their worst year since 1949, investors are looking for other places to put their money – and they may have settled on stocks. In recent weeks, stock and bond prices have stopped moving in the same direction…"

- **Demand for home loans and refinancing drop**. Last Friday, the rate on a 30-year fixed mortgage rose to 4.95 percent. That's 1.64 percent higher than it was a year ago, reported Diana Olick of *CNBC*.

  One consequence of higher rates is likely to be lower demand for homes. Last week, applications for mortgages were down 12 percent from the prior year, and the number of home refinancing applications dropped, too.

- **The cost of carrying credit card debt increases**. Last week, the average credit card rate rose from 16.17 percent to 16.25 percent, according to Kelly Dilworth of *CreditCards.co*m. That means carrying a balance is more costly – and that expense is likely to continue to increase every time the Fed raises rates.

Currently, the FOMC expects to raise the target rate range at each of its six meetings this year. If rates increase by a quarter point each time, rates could be significantly higher by the end of 2022, reported Evie Liu of *Barron's*.

Last week, major U.S. stock indices gained, reported Ben Levisohn of *Barron's*.

Data as of 3/25/22	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 Index	1.8%	-4.7%	16.2%	17.5%	14.2%	12.4%
Dow Jones Global ex-U.S. Index	0.2	-7.2	-3.8	5.2	4.2	3.1
10-year Treasury Note (yield only)	2.5	NA	1.6	2.4	2.4	2.2
Gold (per ounce)	0.9	7.4	12.5	14.0	9.2	1.5

Bloomberg Commodity Index	5.3	30.9	56.5	16.6	9.0	-1.0

S&P 500, Dow Jones Global ex-US, Gold, Bloomberg Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods.
Sources: Yahoo! Finance; MarketWatch; djindexes.com; U.S. Treasury; London Bullion Market Association.
Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

WHAT'S YOUR PARALLEL PARKING STRATEGY? A new research study, discussed in the *Annals of Improbable Research*, recommends that drivers reconsider their parallel parking choices in densely populated areas.

Limited street parking creates a variety of challenges for city planners. A dearth of parking may create opposition to bike lanes or new residential developments. In addition, it can produce higher traffic volumes and greater greenhouse gas emissions when driving time is extended by the search for a parking place, reported Dr. Benjy Marks of the University of Sydney and Dr. Emily Moylan of UNSW Sydney who authored *Parallel Parking Vehicle Alignment Strategies*. They explained:

"The alignment of vehicles within parallel parking spaces influences the efficiency of street parking. We numerically model the effect of vehicle-alignment strategy on the packing density over a range of block lengths. We investigate the effect of four strategies:

a) front of available space
b) either end of available space
c) middle of space
d) randomly within the space

"The findings quantify the advantage of aligning vehicles at the ends of the available space…"

While the researchers' findings may be valid, drivers who do not excel at parallel parking may find the idea of employing a specific parallel parking strategy to be wildly optimistic.

A recent survey found 49 percent of American drivers have some degree of fear of parallel parking, which is a fairly complex driving maneuver. Taylor Covington of *The Zebra* reported:

"Parallel parking spots are often located in areas where parking is limited. These areas are usually busy with pedestrians or other cars so, it increases the pressure to find and fit in a spot. That may explain why drivers reported that 'holding up traffic' was their biggest fear related to parallel parking. Other common concerns included hitting another car, getting blocked in, bystanders watching, and hitting the curb."

Perhaps self-parking cars will help.

Weekly Focus – Think About It

"It takes time to create excellence. If it could be done quickly, more people would do it."

--John Wooden, NCAA basketball coach

Best regards,

Angela M. Bender

P.S. Please feel free to forward this commentary to family, friends or colleagues. If you would like us to add them to the list, please reply to this email with their email address and we will ask for their permission to be added.

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