

IN THE MARKETS:

- Another volatile week in the U.S. markets; the large-cap indexes ended the week lower, but the S&P Midcap 400 and small-cap Russell 2000 recorded modest gains. The Dow Jones finished the week with a decline of 1%. The Nasdaq fared the worst and ended the week down -2.2% remaining in correction territory. The S&P 500 declined -1.8%, while mid caps added 0.9% and small caps rose 1.4%.
- As grouped by Morgan Stanley Capital International, developed markets closed down -0.5%, but emerging markets ticked up 0.1%.
- Gold gained 1.9% to \$1842.10 and Crude oil had its eighth consecutive week of gains as West Texas Intermediate tacked on an additional 0.9% to \$93.10 per barrel.

U.S. ECONOMIC NEWS:

- The US inflation-rate climbed to 7.5% - the highest since February 1982. Big increases in the cost of rent, food and energy drove the consumer price index up in the first month of the new year. The Fed is widely expected to raise interest rates in March for the first time in four years in an effort to curb inflation. In a research note Andrew Hunter, U.S. economist at Capital Economics wrote: "A rapid cyclical acceleration in inflation is underway and, with labor market conditions exceptionally tight, it is unlikely to abate any time soon."
- After paying down debt in 2020, consumers resumed borrowing in 2021, with credit rising by 5.9% to \$4.4 trillion—its largest increase in five years. Sal Guatieri, senior economist at BMO Capital Markets, said consumers are being pulled in two directions this year. Rising wealth and high household savings from the pandemic tend to bolster spending, but inflation, higher interest rates and the suspension of the child tax credit may restrain spending.
- The number of small businesses that raised prices in January rose to its highest level in 48 years. The National Federation of Independent Businesses (NFIB) reported a net 61% of small businesses increased their prices at the beginning of the year. However, NFIB chief economist Bill Dunkelberg wrote "Owners are also raising compensation at record high rates to attract qualified employees to their own positions."

INTERNATIONAL ECONOMIC NEWS:

- Canada's police began clearing 'Freedom Convoy' demonstrators on Ontario's vital U.S.-Canada border crossing. The 'Freedom Convoy' began as a protest to Canada's vaccine mandates for truckers by Prime Minister Justin Trudeau. General Motors, Ford Motor and Toyota Motor have been forced to cut production at several plants in the U.S. and Canada this week due to a lack of parts, partly due to the blockade.
- France posted a record trade deficit last year as imports surged on higher energy prices and exports of big-ticket items like Airbus jets fell. The trade deficit in goods hit 84.7 billion euros (\$97 billion) in 2021, equivalent to 3.4% of economic output, Finance Minister Bruno Le Maire said the deficit marked a "blemish" on Macron's presidency which has otherwise been particularly strong on the economy. Growth hit a 52-year high last year of 7% as the European Union's second-biggest economy recovered faster than expected from the coronavirus crisis.
- In Chile, the government reported that headline inflation in January increased 1.2% month over month and 7.7% year over year. Price pressures were evident across the board - perishables, energy, goods, and services. There's growing concern that the central bank will need to raise its key policy rate—currently at 5.50%—higher than previously expected. However, raising rates now would give the central bank more flexibility when growth and inflation decelerate.