



Russia, Inflation and Oil Oh My!

Hosted by Dr. Dave Yeske and Yusuf Abugideiri

LIVE BUIGSM

Agenda

- COVID Economy
- Inflation
- Russia/Ukraine War
- The Fed & Interest Rates
- Financial Markets



COVID – Shifting From Pandemic to Endemic

United States | All Ages

4,618,253

Total Admissions

Aug 01, 2020 - Apr 16, 2022

1,416

Current 7-Day Average

Apr 10, 2022 - Apr 16, 2022

1,429

Prior 7-Day Average

Apr 03, 2022 - Apr 09, 2022

21,525

Peak 7-Day Average

Jan 09, 2022 - Jan 15, 2022

-0.9%

Percent change from prior 7-day
avg. of Apr 03, 2022 - Apr 09, 2022

-93.4%

Percent change from peak 7-day
avg. of Jan 09, 2022 - Jan 15, 2022

New Admissions of Patients with Confirmed COVID-19, United States

Aug 01, 2020 - Apr 16, 2022

By Jurisdiction and Age Group

By Jurisdiction

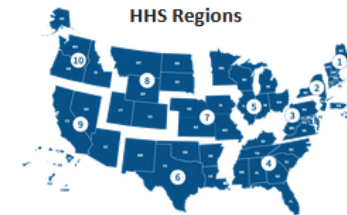
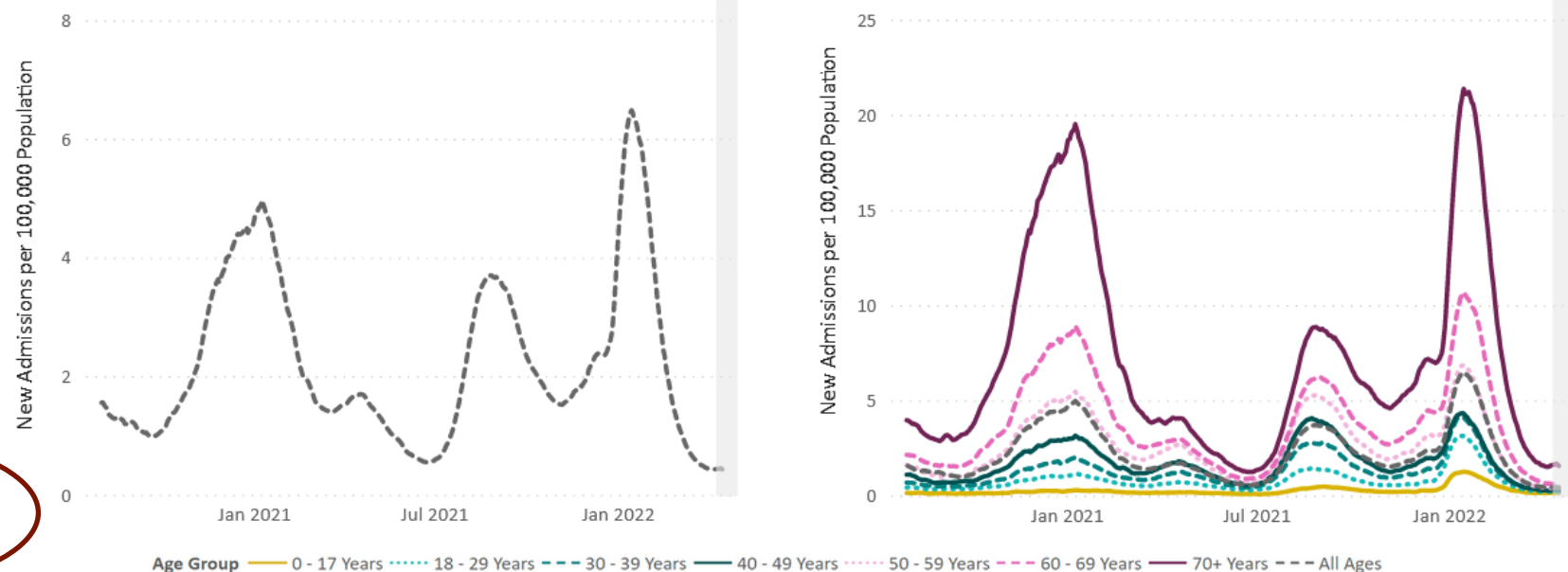
Select a Jurisdiction

United States

Select an Age Group

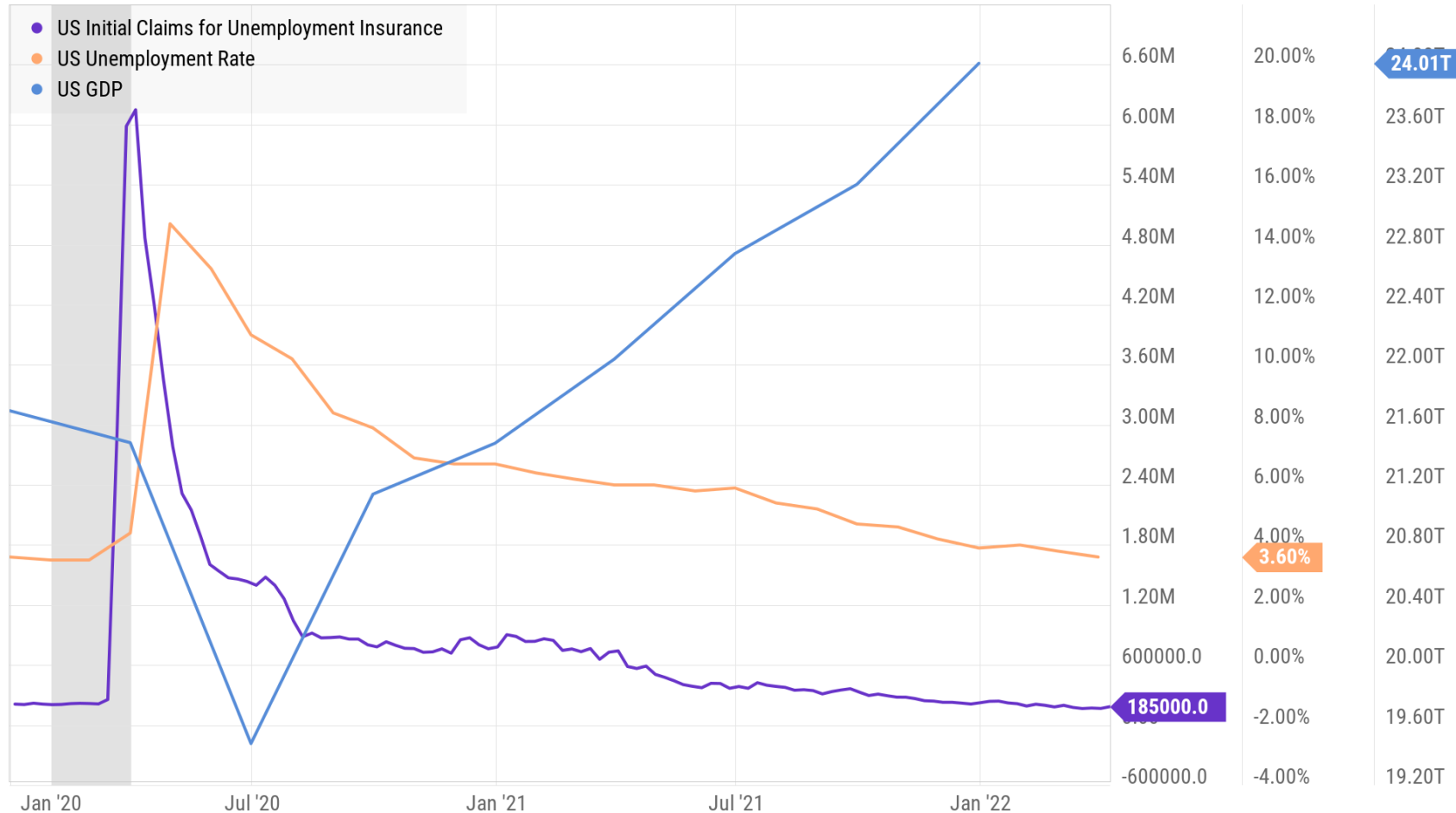
All Ages

United States | All Ages



Economic Output and Unemployment

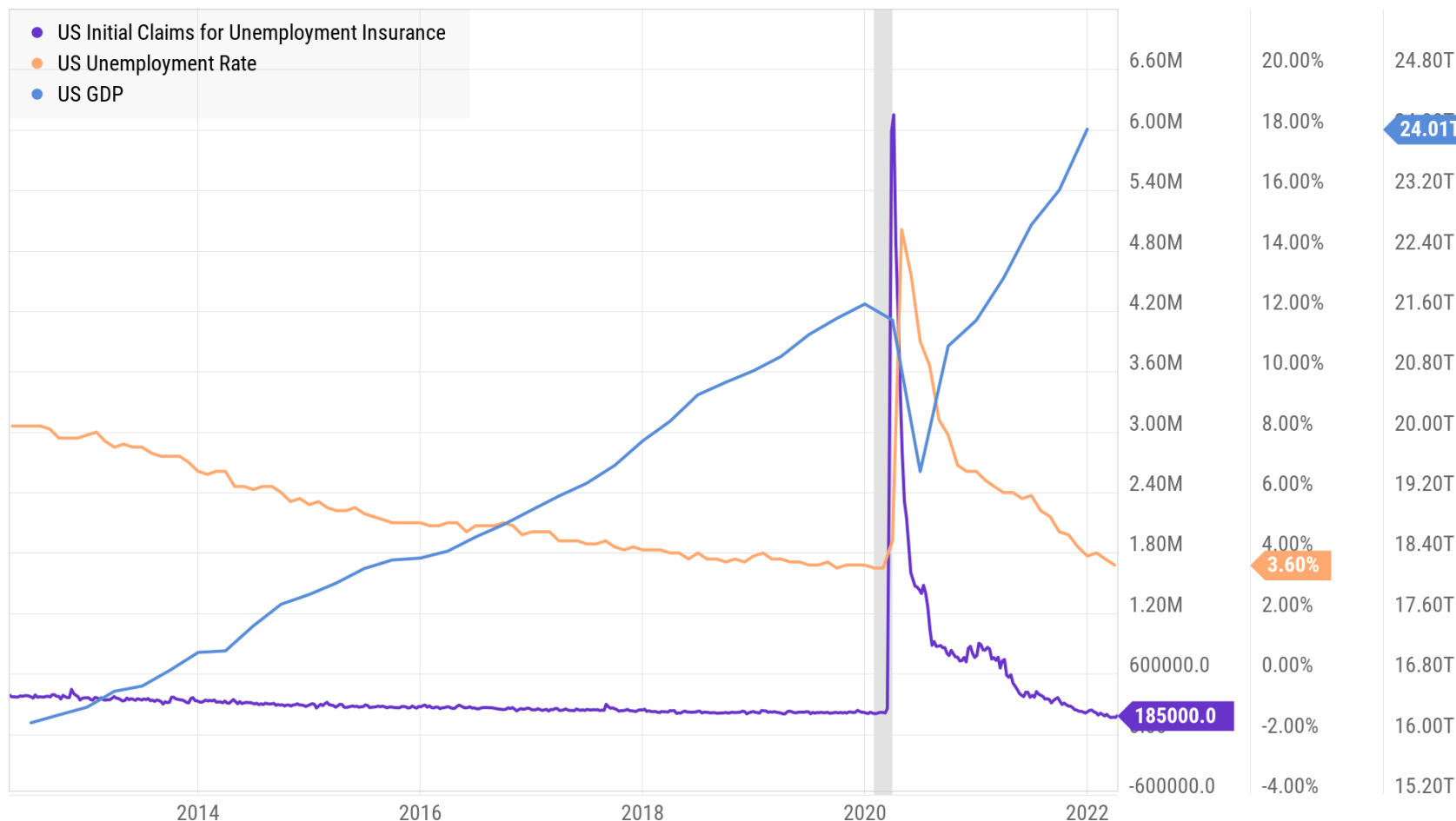
Since January 2020



Date Range: 12/31/2019 - 04/09/2022

Economic Output and Unemployment

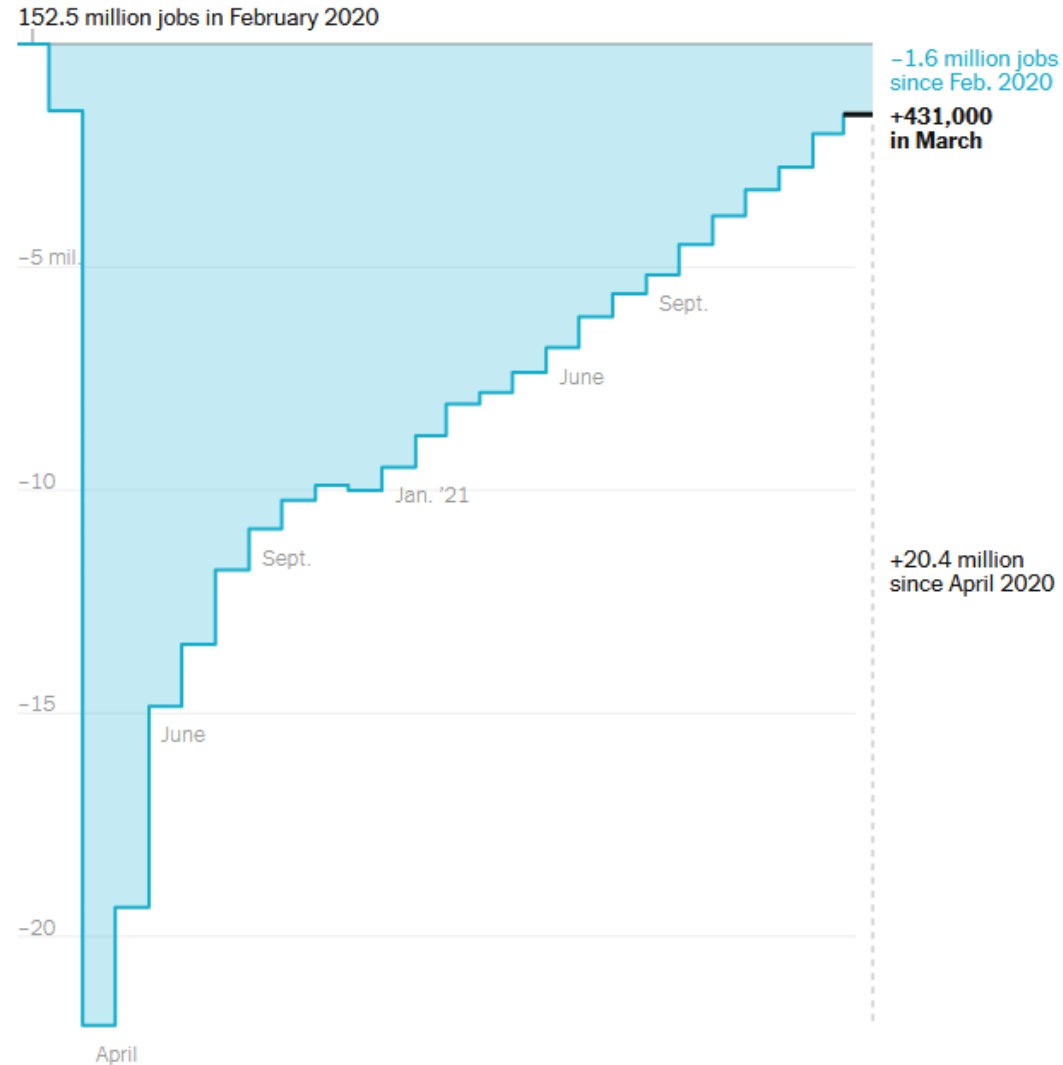
Since April 2012



Date Range: 04/21/2012 - 04/09/2022



Labor Market Recovery



Agenda

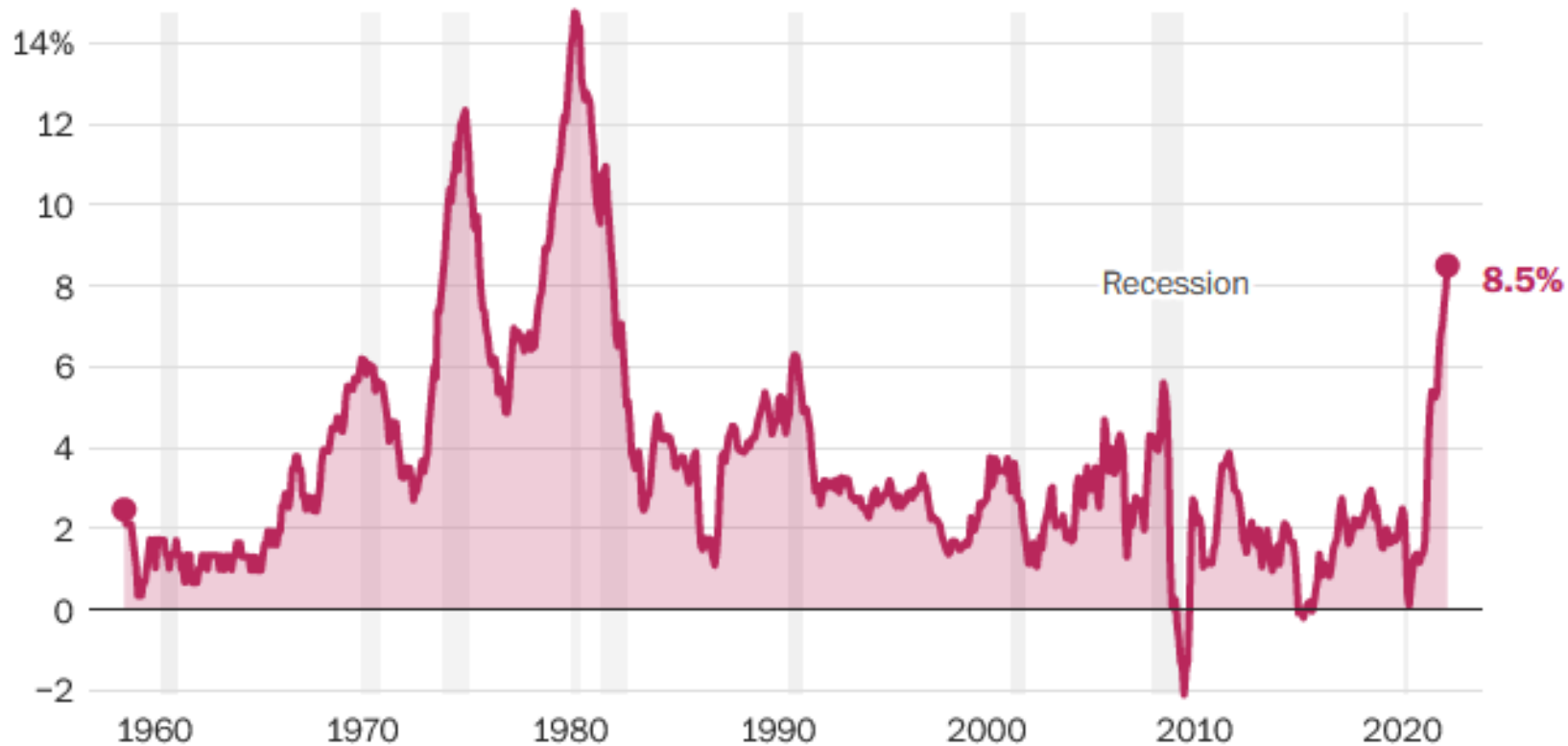
- ~~COVID Economy~~
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Inflation: That 70's Show Re-Run?

The strongest inflation surge in decades continues unabated

Consumer price index, change from a year earlier



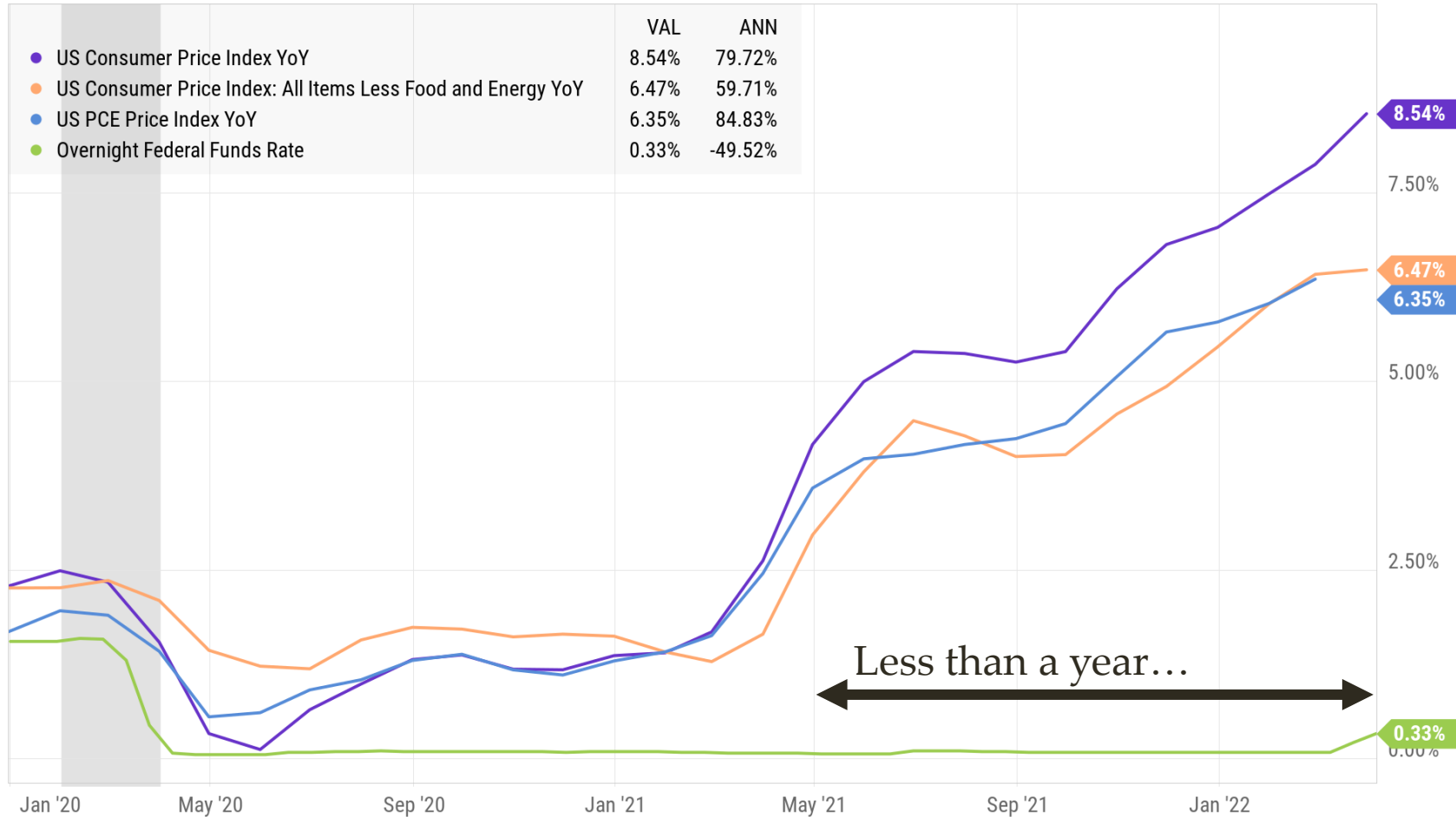
Source: Bureau of Labor Statistics

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Inflation Rates

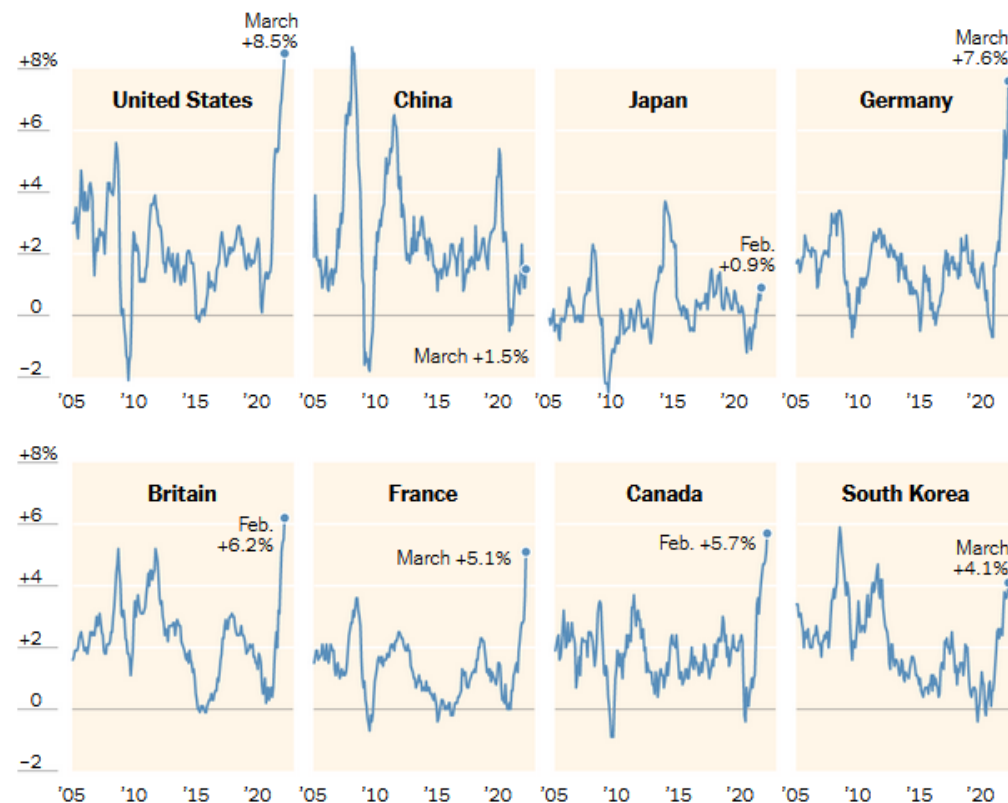
Since January 2020



Date Range: 12/31/2019 - 04/06/2022

Inflation Rates Around the World

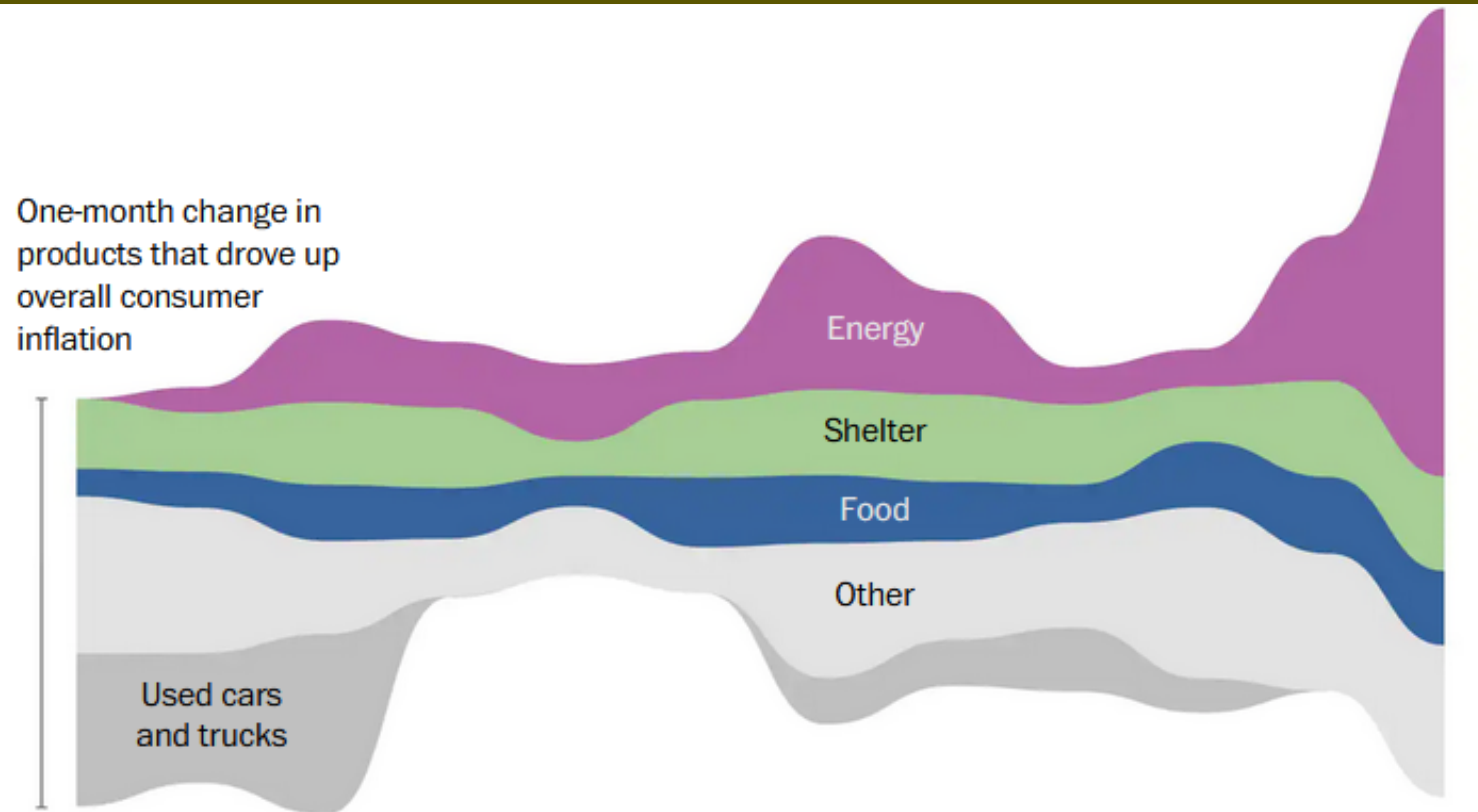
Inflation Rates Around the World



Year-over-year changes in consumer price indexes. • Sources: Bureau of Labor Statistics; Organization for Economic Cooperation and Development; Japan National Statistics Center; Eurostat; United Kingdom Office for National Statistics; Statistics Canada • By The New York Times

- US: 8.5% (46%)
- China: 1.5% (3%)
- Japan: 0.9% (10%)
- Germany: 7.6% (4%)
- Britain: 6.2% (6%)
- France: 5.1% (4%)
- Canada: 5.7% (6%)
- South Korea: 4.1% (3%)

Inflation: Components



Overall one-month change in consumer inflation:

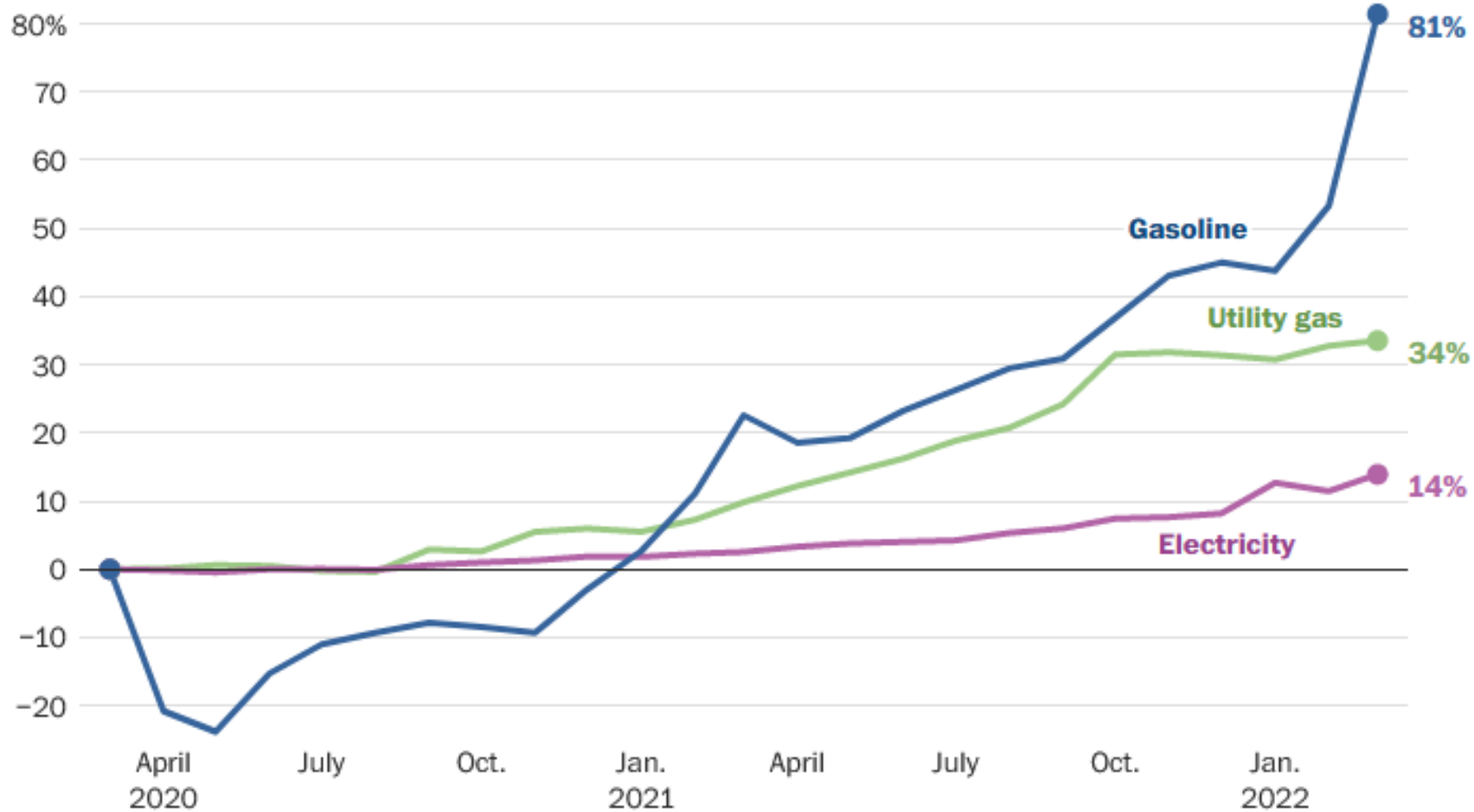
APR. '21	MAY	JUN.	JUL.	AUG.	SEPT.	OCT.	NOV.	DEC.	JAN. '22	FEB.	MAR.
+0.6%	+0.7%	+0.9%	+0.5%	+0.3%	+0.4%	+0.9%	+0.7%	+0.6%	+0.6%	+0.8%	+1.2%

Seasonally adjusted



Gas Prices

Percent change in consumer price index since Mar. 2020, seasonally adjusted



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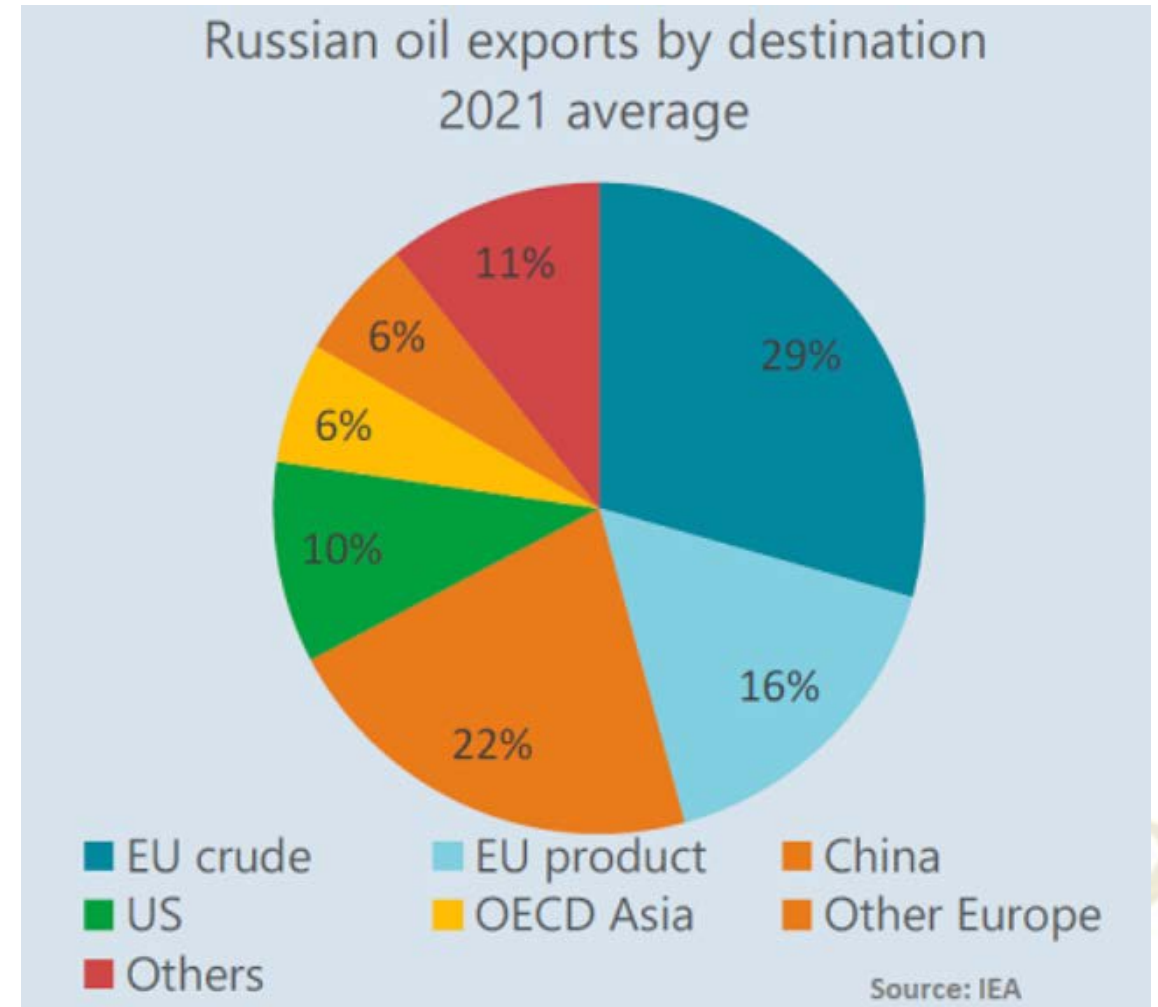
Russian Invasion of Ukraine

- Since February 24th, when the invasion began:
 - Thousands of casualties
 - Millions displaced
- Sanctions imposed by US and dozens of other nations
- Russian military failed to capture Kyiv, efforts have shifted focus to the east (Donbas region and Kharkiv)
- Russia desires Ukrainian neutrality



Russia and Oil

- Germany is the top purchaser of Russian oil in the EU (1/3 of its imports are Russian)
- Poland is second (>60% of its imports)
- India and China ramping up purchases



Russia and Oil

#	Country	Daily Oil Consumption (barrels)	World Share	Yearly Gallons Per Capita
1	United States	19,687,287	20.3 %	934.3
2	China	12,791,553	13.2 %	138.7
3	India	4,443,000	4.6 %	51.4
4	Japan	4,012,877	4.1 %	481.5
5	Russia	3,631,287	3.7 %	383.2
6	Saudi Arabia	3,302,000	3.4 %	1,560.2
7	Brazil	2,984,000	3.1 %	221.9
8	South Korea	2,605,440	2.7 %	783.4
9	Canada	2,486,301	2.6 %	1,047.6
10	Germany	2,383,393	2.5 %	444.5



Russia/Ukraine: Ramifications

- Higher prices for commodities (food, energy)
 - RE: Russian Oil and Gas - Europe: out; India/China: in?
- Neighboring economies: trade and supply chain disruptions
- Reduced confidence (businesses/investors) in the face of uncertainty



Agenda

■ ~~COVID Economy~~

■ ~~Inflation~~

■ ~~Russia/Ukraine War~~

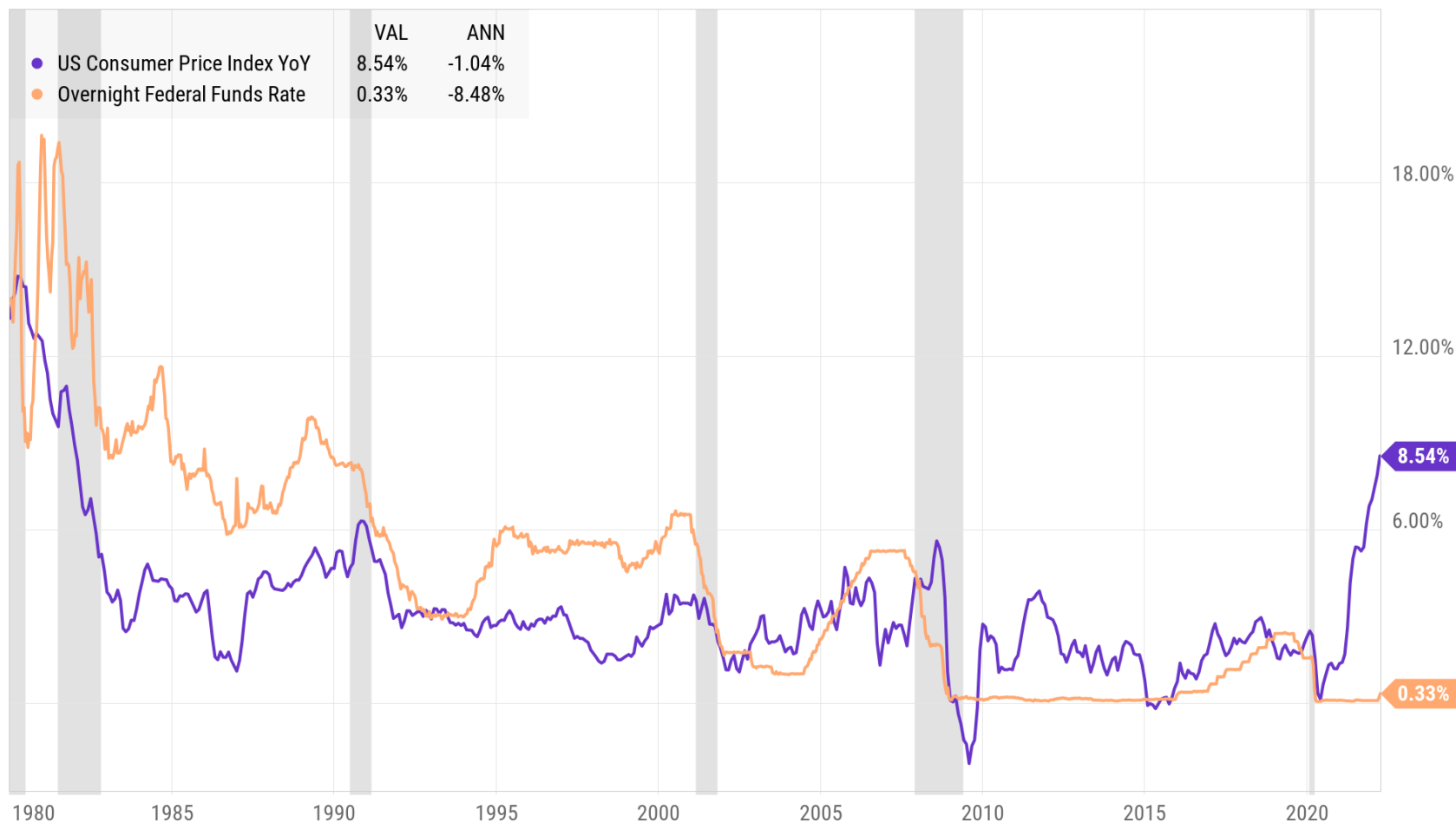
■ The Fed & Interest Rates

■ Financial Markets



Inflation and the Federal Funds Rate

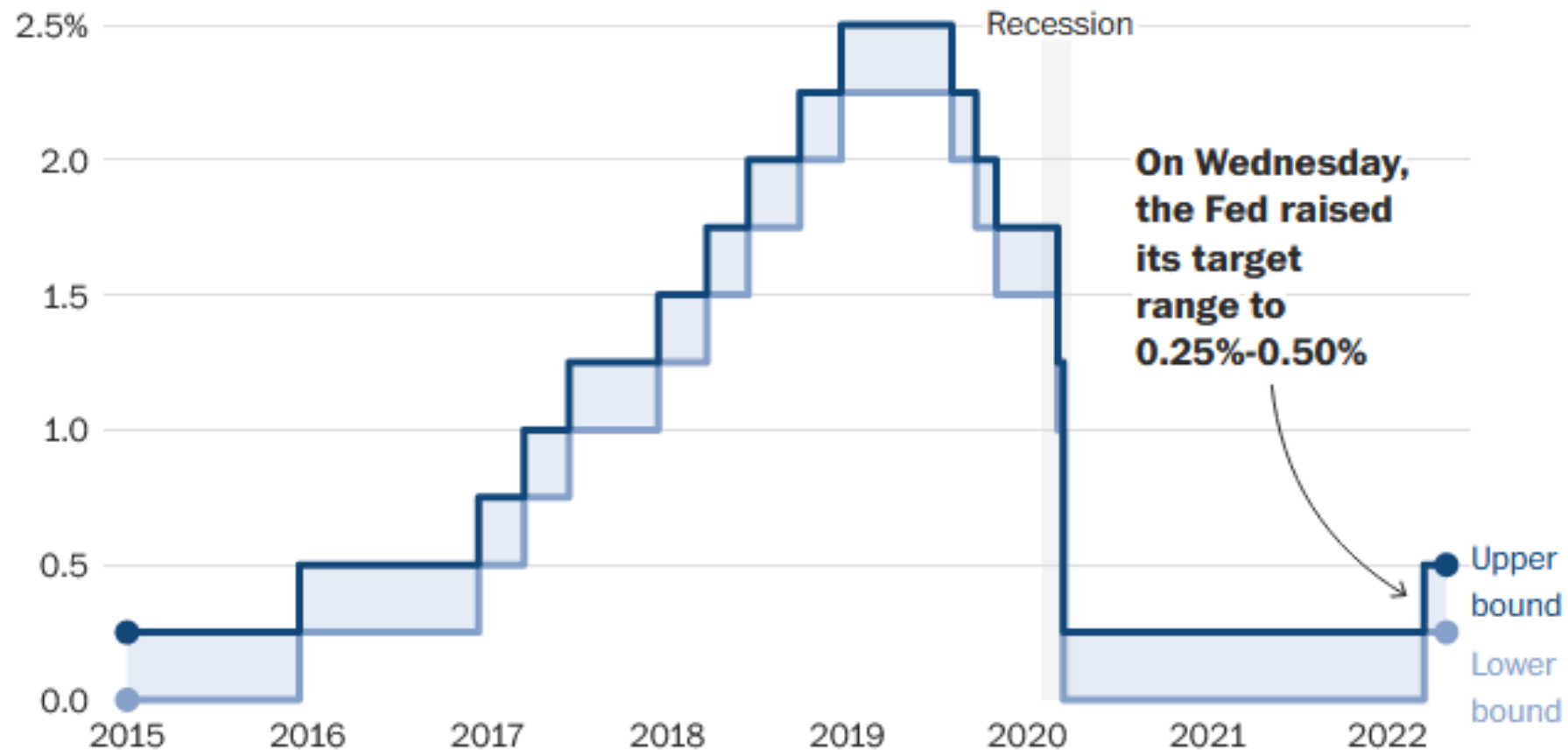
Since January 1980



Date Range: 12/31/1979 - 04/06/2022

Interest Rates Have Liftoff

The Federal Reserve sets a narrow range for its target short-term interest rate

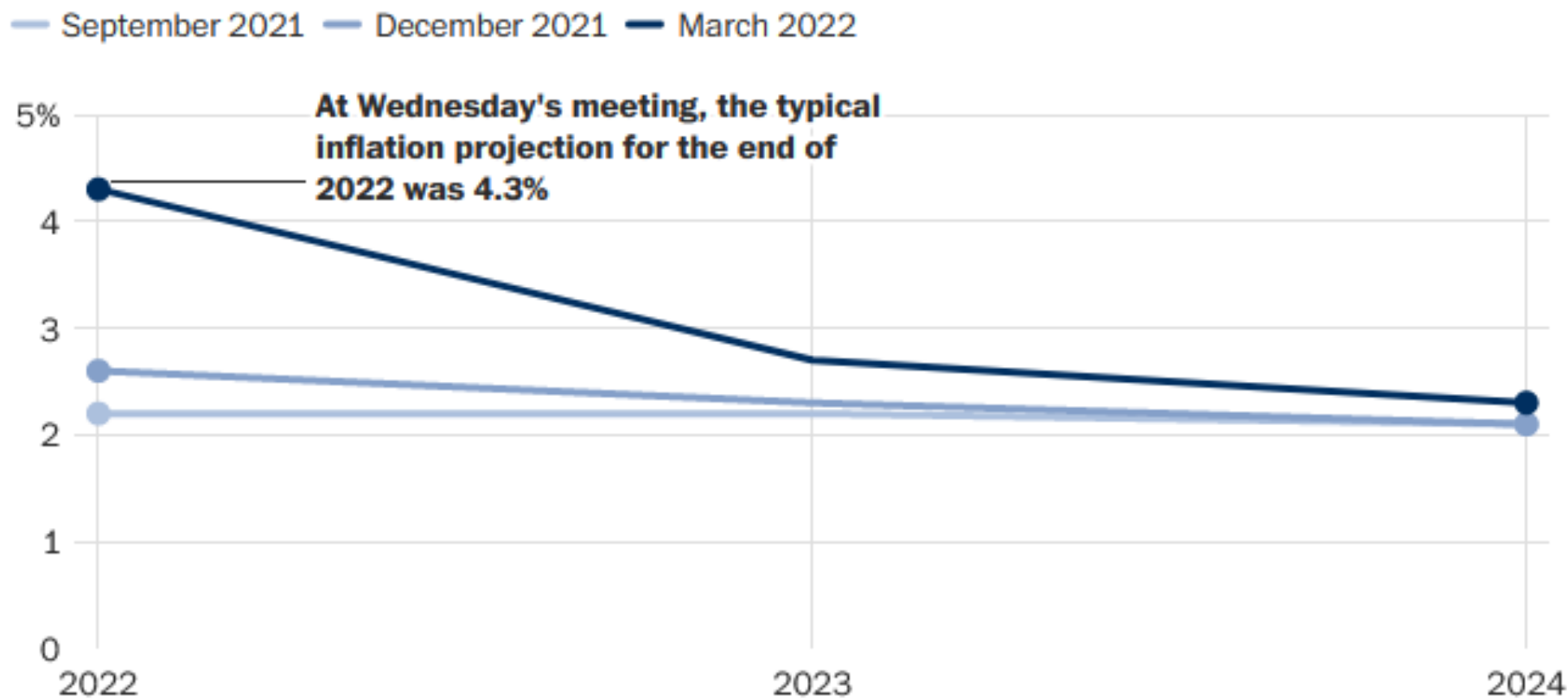


Source: Federal Reserve via FRED

THE WASHINGTON POST



The Fed's Inflation Expectations



Note: Fed estimates refer to the median expectations for annual change in the personal consumption expenditures price index, measured in the fourth quarter of each year.

Source: Federal Reserve via ALFRED

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The Fed's Remaining Meetings

- May 3rd-4th (expect 0.5% hike)
 - CPI data: May 11th
- June 14th-15th
- July 26th-27th
- September 20th-21st
- November 1st-2nd
- December 13th-14th



How The Fed Reduces Its Balance Sheet

- Tapering: buy fewer bonds
- Ceasing purchases: not reinvesting capital in bonds
- Selling securities: actively sell bonds



Reasons for Optimism

- COVID cases have declined worldwide since Omicron (helps supply chains)
- Consumer demand could decrease (“the cure for higher prices is higher prices”)
- The Fed’s actions could help create balance between supply and demand factors

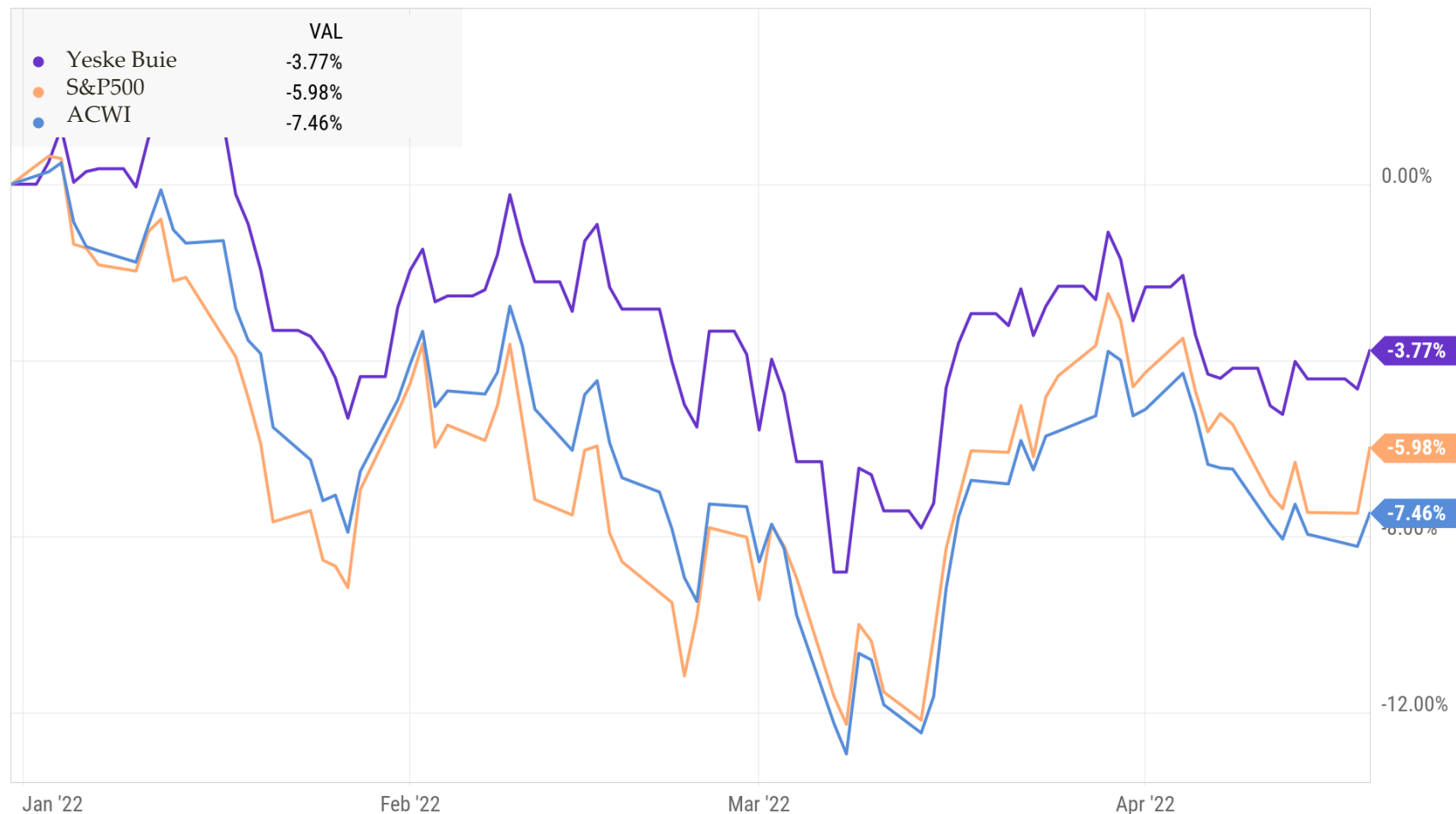
Agenda

- ~~COVID Economy~~
- ~~Inflation~~
 - ~~Causes~~
 - ~~Outlook~~
- ~~Russia/Ukraine War~~
 - ~~Summary~~
 - ~~Ramifications~~
- ~~The Fed & Interest Rates~~
- Financial Markets
 - Portfolio Performance
 - Outlook



Portfolio Performance: YTD

Through April 19th

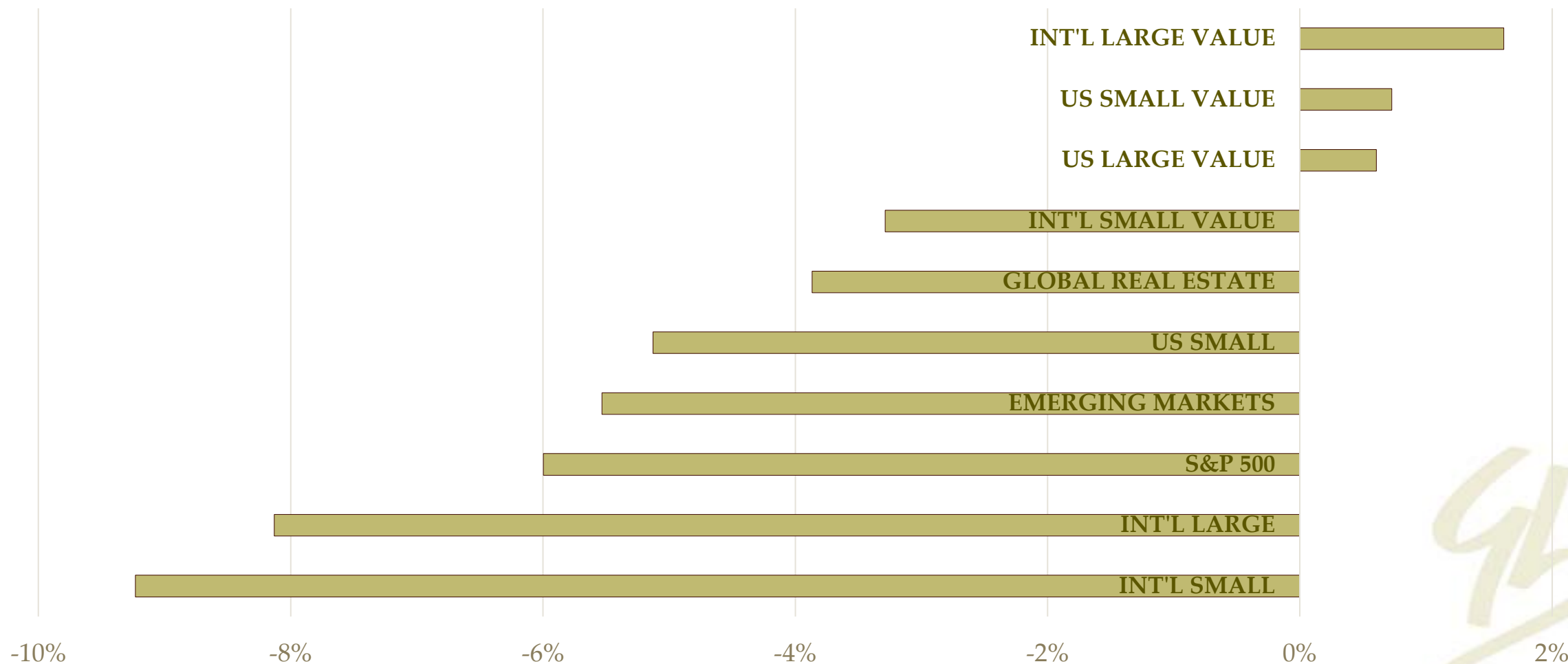


Date Range: 12/31/2021 - 04/19/2022



Returns: Year-to-Date

Through April 19th



An All-Weather Portfolio

- Our portfolio is well positioned for this economic climate:
 - Globally neutral and broadly diversified,
 - Tilted towards value stocks (well suited for a rising interest rate environment), and
 - Relatively high allocation to stocks (higher growth potential to outpace inflation)



Questions?

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