



# PRECISION

## Financial Services, Inc.

---

*Designed to Fit Your Needs*

### March Market Update

The last few months have been enjoyable for long-term investors who have remained disciplined and focused on their goals. The artificial intelligence (AI) theme continues to power the major U.S. stock indexes, and market sentiment remained strong in the leap day-extended month of February.

As positive market sentiment continued throughout last month, now is the perfect time to keep you informed on the latest developments. Here is the latest.

#### Major Stock Indexes

February rewarded long-term investors in U.S. stocks, as the S&P 500, Dow, and Nasdaq 100 had their fourth consecutive month of gains. Market bulls were cheering the prospects of a more accommodating Fed **at some point**, and there were many earnings results in mega-cap growth stocks supporting the positive market sentiment.

For the month of February, the S&P 500 added a healthy [5.17%](#), the Nasdaq 100 tacked on [5.29%](#), and the Dow Jones Industrial Average rose by [2.22%](#).

#### Inflation Readings: A Bit Toasty

Inflation metrics released in February showed data mostly running hotter than expected. Stock market bulls didn't seem to mind in February, however. Anticipation of a more dovish Fed in the future, several strong corporate earnings releases, and an overall theme of bullishness all contributed to the final results in February.

Consumer Price Index (CPI): The Consumer Price Index (CPI) for January showed a monthly [increase of 0.3%](#) and a year-over-year increase of 3.1%. Estimates were for gains of 0.1% for the month and a 2.9% gain year-over-year.

Prices for goods and services remain high, and inflation is not likely to decrease linearly. Shelter and food prices were both contributors to the larger-than-expected increase. Major U.S. equity markets initially reacted sourly to the data release but shook off the jitters over the following two trading sessions.

The hotter-than-expected inflation data could give Fed watchers additional reason to reconsider the timing of rate cuts this year, should we get any.

Producer Price Index (PPI): Two days post-CPI data, we got hot producer pricing data. According to the report, wholesale prices (PPI) in January increased by [0.3% month-over-month](#), higher than the gain of 0.1% predicted by Dow Jones economists.

Core PPI, which excludes volatile food and energy, was the biggest surprise, as it increased by 0.5% compared to the expected 0.1% increase. Inflation is persisting, and ebbs and flows in data are to be expected.

The hotter-than-expected inflation prints led to the S&P 500 experiencing a marginal decline for the week, but bulls were back in charge the following week, sending the S&P 500 to all-time highs.

Core Personal Consumption Expenditures (PCE) Index: Core PCE (which excludes food and energy) is the Fed's preferred inflation metric. This metric came in mostly in line with analyst estimates at the end of February, showing an increase of 0.4% on the month and an [increase of 2.8%](#) versus one year ago.

### **Hot Labor Market Data**

The January jobs report released in early February showed a blowout jobs number with 353,000 jobs created vs. 185,000 forecasted. Is strong good employment data a good thing? It depends on how you look at it.

The January jobs data was much better than expected, suggesting economic strength. However, it also indicates that the economy may be running too hot, which could impact rate-cut hopes. Factoring in recent warm inflation data, it has become more unlikely that there will be a rate cut in March or even May.

### **Treasury Yields Rose in February**

Inflation warming and the increased probability of any rate cuts being pushed farther into the future contributed to government bond yields rising in February.

The widely watched 10-year Treasury Note Yield rose somewhat sharply in February, closing the month at a yield near [4.251%](#). This constituted a rise of 28.5 basis points month-over-month.

The rise in yields naturally translated to [higher mortgage rates](#), contributing to the higher costs of shelter — and sidelining many potential would-be borrowers.

## Bitcoin Rally

The price of the largest cryptocurrency by market capitalization, Bitcoin, rose [51% in February](#), as demand from the newly issued spot ETFs helped to propel prices higher.

On the minds of many Bitcoin enthusiasts and proponents is the upcoming Bitcoin [halving event](#), which is estimated to occur in April. The halving, as it is called, means that the amount of new Bitcoin created every day will decrease by 50%, creating a smaller daily addition of supply after the event.

Bitcoin fans (also known as Bitcoiners) embrace the limited supply aspect of Bitcoin versus fiat (paper currency), which is created with an unlimited supply by central banks.

So, it has been a story of basic economics lately: New supply will decrease after the halving event, and demand has increased given the new spot ETFs. The result has been higher prices.

The maximum number of Bitcoins that will ever be created (hard cap) is 21 million BTC. So far, approximately 19 million have been created (mined).

Bitcoin is a highly volatile and speculative asset and is not suitable for all investors.

## The Takeaway

February featured continued overall bullish equity market sentiment supported by positive earnings results from many companies.

The warmer inflation data was merely a blip last month as far as major U.S. stock indexes were concerned. But should inflation stay running hotter than expected, it could further impact Fed rate cut hopes for the year. Inflation is very real, but it affects Main Street a lot more than Wall Street, at least for now.

Headwinds exist for equities, but you wouldn't know it by glancing at the major stock market averages as the S&P 500 and Nasdaq 100 notched fresh all-time highs on March 1st. Long-term investing continues to be the ticket.

With that overview noted. If there is anything on your mind regarding your investment portfolio, please do not hesitate to give your advisor a call.

**With Tax season in full swing, we wanted to remind those who prefer to file their own taxes, the following discounts on Tax Preparation Services are available:**

- EY TaxChat™ – Save \$30 using discount code “FIALLIANCE30” at [www.ey.com/en\\_us/tax/ey-taxchat](http://www.ey.com/en_us/tax/ey-taxchat)
- H&R Block® – Save up to \$20 at [www.hrblock.com/nfs](http://www.hrblock.com/nfs) (no discount code required)
- TaxAct® – Save 25% on most products at [www.taxact.com/nfs](http://www.taxact.com/nfs) (no discount code required)
- TurboTax® – Save up to \$20 at [turbotax.intuit.com/affiliate/nfsdiscount](http://turbotax.intuit.com/affiliate/nfsdiscount) (no discount code required)

For H&R Block, TaxAct, and TurboTax, you can automatically import most of your account information using your WealthScape InvestorSM username and password.\*

Visit the myBrokerageInfo site to learn more about what type of account information you can import into these sites and how to import it.

1. Access the discount by clicking on one of the three tax preparation services links above.
2. Sign into an existing account or create a new account at H&R Block, TaxAct, or TurboTax.
3. Easily import most of your account information from National Financial Services.
4. File your taxes and the discount will be automatically applied.

\*Not all National Financial Services account information can be imported directly into H&R Block, TaxAct, or TurboTax

Precision Financial Services, Inc.  
350 US Highway 46  
Mine Hill, NJ 07803

Tel: 973-927-6300

Fax: 973-927-7190

[www.precisionfinancial.com](http://www.precisionfinancial.com)

Investment advice offered through PFS Partners, LLC, a Registered Investment Advisor. The information contained in this email message is being transmitted to and is intended for the use of only the individual(s) to whom it is addressed. If the reader of this message is not the intended recipient, you are hereby advised that any dissemination, distribution or copying of this message is strictly prohibited. If you have received this message in error, please immediately delete.

Please remember that past performance may not be indicative of future results. Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment, investment strategy, or product (including the investments and/or investment strategies recommended or undertaken by PFS Partners, LLC (“PFS”), or any non-investment related content, made reference to directly or indirectly in this newsletter will be profitable, equal any corresponding indicated historical performance level(s), be suitable for your portfolio or individual situation, or prove successful. Due to various factors, including changing market conditions and/or applicable laws, the content may no longer be reflective of current opinions or positions. Moreover, you should not assume that any discussion or information contained in this newsletter serves as the receipt of, or as a substitute for, personalized investment advice from PFS. To the extent that a reader has any questions regarding the applicability of any specific issue discussed above to his/her individual situation, he/she is encouraged to consult with the professional advisor of his/her choosing. PFS is neither a law firm, nor a certified public accounting firm, and no portion of the newsletter content should be construed as legal or accounting advice. A copy of PFS’s current written disclosure Brochure discussing our advisory services and fees is available upon request. Please Note: If you are a PFS client, please remember to contact PFS, in writing, if there are any changes in your personal/financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services, or if you would like to impose, add, or to modify any reasonable restrictions to our investment advisory services. PFS shall continue to rely on the accuracy of information that you have provided. Please Note: IF you are a PFS client, Please advise us if you have not been receiving account statements (at least quarterly) from the account custodian. This material was developed and produced by Levitate to provide information on a topic that may be of interest. Levitate is not affiliated with any other named entity.

[Unsubscribe Footer](#)