



Jason Colodne of Colbeck Capital — April 24 Market Rewind



Jason Colodne

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The third full week in April contained some hopeful housing- and other economy-related news, coupled with generally uneven investment activity, says Jason Colodne, co-founder of Colbeck Capital Management, an [NYC-based](#) private equity asset management organization focused on strategic lending.

Economic Snapshot

Federal Reserve Chairman Jerome Powell, while participating in a panel at the International Monetary Fund Spring Meetings event, offered another indication the Fed is honing in on reducing inflation with rate hikes that could start as early as next month, and some positive signs of economic growth already emerged last week.

With the exception of single-family housing starts, homebuilding activity showed an increase in March; both building permits and housing starts were up, according to [data](#) released last week by the U.S. Census Bureau and the Department of Housing and Urban Development.

Privately owned housing units authorized by building permits were at a seasonally adjusted annual rate of 1,873,000, a 0.4% increase from February.

Privately owned housing starts in March reached a seasonally adjusted annual rate of 1,793,000—0.3% percent higher than the revised February estimate of 1,788,000, and 3.9% above the March 2021 rate of 1,725,000.

Single-family housing starts, however, were 1.7% below the revised February figure of 1,221,000, occurring at a rate of 1,200,000.

The Conference Board's Leading Economic Index for the U.S. — which encompasses factors such as new private housing building permits; weekly initial unemployment claims; and stock prices — increased last month by 0.3%, rising to 119.8. In the past six months, the index has grown 1.9%, according to information released last week.

The Conference Board's Consumer Confidence Index also grew slightly in March, according to the latest data shared by the organization. The index rose to 107.2, compared to 105.7 the month before.

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The Conference Board's Present Situation Index, which is based on consumers' overall assessment of current business and labor conditions, also increased, moving from 143.0 to 153.0 in March.

Recent Market Activity

After emerging from the long Easter weekend, investment progress was somewhat lackluster, with all three major indexes experiencing a decline by the end of the week.

The S&P 500 lost 0.02% on the first day of the week, followed by a 1.6% climb on Tuesday. By Wednesday's close, the index had again decreased, falling 0.06%. On Thursday, the S&P was down 1.5%; and on Friday, lost 2.8%, according to initial market results.

The Nasdaq composite index declined 0.1% on Monday — but grew 2.2% on Tuesday. After falling 1.2% on Wednesday, on Thursday, the Nasdaq slipped 2.1% and also declined 2.6% on Friday.

On Monday, the Dow Jones Industrial Average shed 0.1%. By Tuesday's close, the Dow was up 1.5%, and it rose again the following day by 0.7%. The index shed 1.1% on Thursday, though, and on Friday, lost 2.8%.

On Monday, the benchmark 10-year U.S. Treasury yield reached its highest level since late 2018, 2.85%. Following Powell's IMF panel comments on Thursday, the yield on the 10-year U.S. Treasury note increased to 2.94%, a 9 basis-point rise, and it exceeded 2.90% on Friday.

In other investment news, despite an increase in default activity last month, which represented the most default volume since July 2020 — totaling \$4.6 billion — Fitch Ratings' U.S. high yield default rate projection remains at 1% for 2022, according to a new report.

Fitch's prediction for default activity in 2023 is 1% to 1.5% — although the credit and research provider noted further inflation, reduced economic expansion, and aggressive interest rate actions could potentially result in a higher amount of defaults next year.

About Jason Colodne

[Jason Colodne](#) is the senior transaction partner at Colbeck Capital Management and oversees all aspects of investment execution and portfolio management. Colodne co-founded Colbeck Capital Management as a managing partner in 2009. Colodne's investment experience spans over two decades.

About Colbeck Capital Management

Colbeck Capital Management ([colbeck.com](#)) is a leading, middle-market private credit manager focused on strategic lending. Colbeck partners with companies during periods of transition, providing creative capital solutions. Colbeck sponsors its portfolio companies through consistent engagement with management teams in areas such as finance, capital markets, and growth strategies, distinguishing itself from traditional lenders. Founded in 2009 by Jason Colodne and Jason Beckman, the principals have extensive experience investing through different market cycles at leading institutions, including Goldman Sachs and Morgan Stanley.

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