

Weekly Recap

Economic Calendar

Monday, December 16

Empire State Manufacturing Activity, S&P flash U.S. Services & Manufacturing PMIs.

Tuesday, December 17

Retail Sales, Industrial Production, Homebuilder Confidence, FOMC Policy Meeting Begins.

Wednesday, December 18

Mortgage Activity, Housing Starts, FOMC Rate & Policy Decisions.

Thursday, December 19

Jobless Claims, Final Q3 GDP, Philly Fed Manufacturing, Existing Home Sales, Leading Indicators.

Friday, December 20

Personal Incomes, PCE Outlays, PCE Prices, Consumer Sentiment.

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[Growth Sectors Concentration](#)

[CPI Climbs 0.3% in November](#)

[Wholesale Inflation Tops Forecasts](#)

[The Week Ahead Video](#)

S&P 500 Ends Three-Week Winning Streak

Jitters Ahead of Final 2024 Rate Cut Decision

U.S. stocks were mostly lower last week amid stretched valuation concerns following the post-election rally. Investor sentiment grew moderately defensive after digesting mixed readings on inflation and rising bond yields. Producer prices topped forecasts in November while an uptick in consumer prices matched forecasts. Markets are now largely in waiting mode ahead of the Federal Reserve's Wednesday, December 18th rate and policy decisions, with a 0.25% rate cut widely expected.

For the Week...

The S&P 500 slipped 0.61% while the Dow Jones Industrial Average tumbled 1.78%, capping a seventh daily loss for its longest losing streak since 2020. The tech-heavy Nasdaq Composite again performed best, gaining 0.36%, extending its 3.36% prior week advance. The small cap-focused Russell 2000 slumped 2.55%.

Small Business Optimism Jumps

The NFIB small business optimism index advanced eight points in November to 101.7, its highest level after 34 months of remaining below the 50-year average of 98. The percent of small business owners expecting the economy to improve surged 41 points in November from October to a net 36%, the highest since June 2020.

Weekly Sector Insights

Nine of the 11 major sector groups ended negative last week, with only Communication Services (+2.47%) and Consumer Discretionary (+1.40%) posting gains. Technology (-0.15%) fell the least while Utilities (-2.64%) and Materials (-2.90%) fell the most. In year-to-date (YTD) performance, Communication Services (+44.42%), Technology (+39.37%), and Consumer Discretionary (+36.50%) are up the most this year.

Treasury Yields Advance

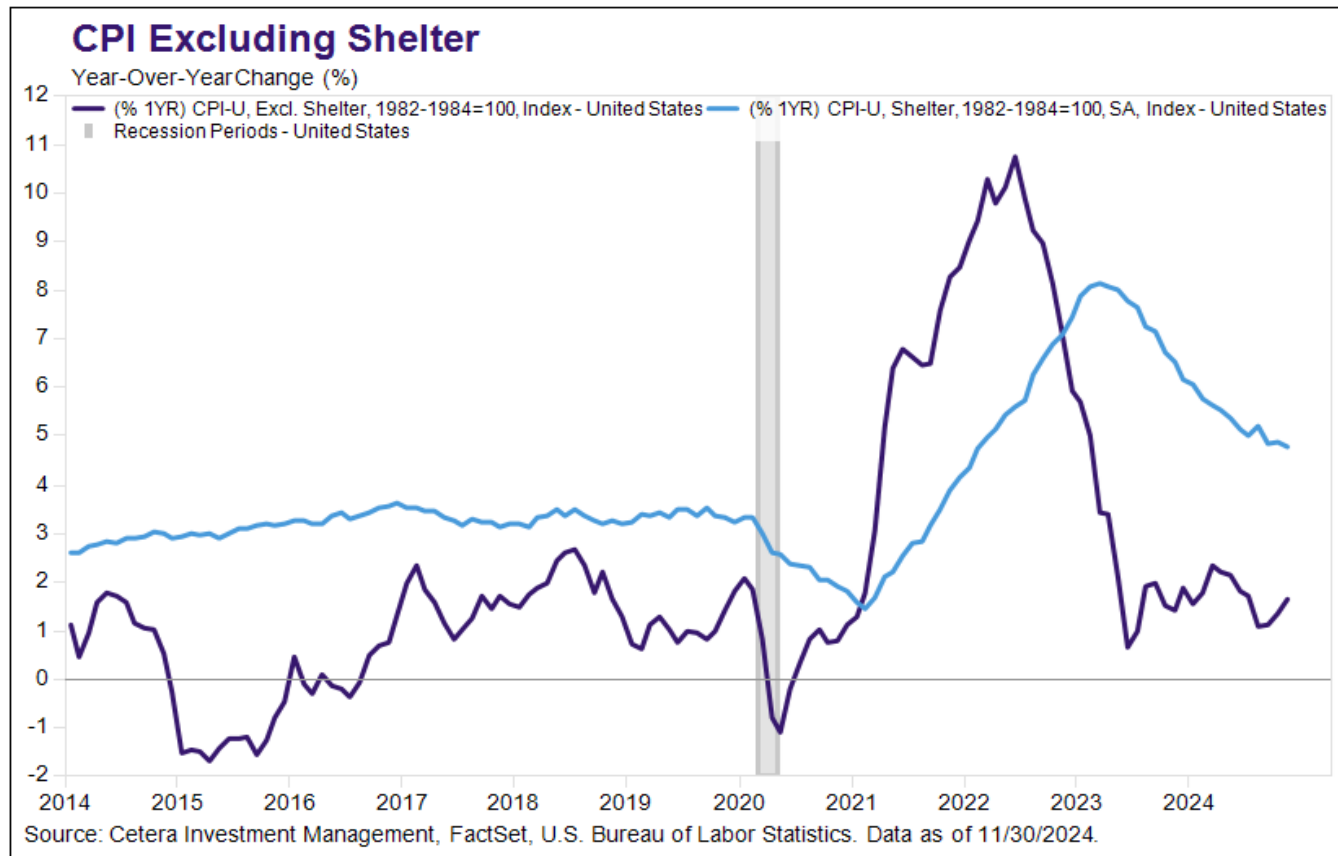
The yield on 10-year Treasury notes climbed 0.25% last week to 4.399%, its largest weekly gain of the year and ended mostly steady declines since the November election. The U.S. Dollar Index edged fractionally higher while gold futures gained 0.6% to end the week at \$2,675.80/ounce. U.S. WTI crude oil futures jumped 6%, ending Friday at \$71.29/barrel.

Market Watch

Stocks	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Dow Jones Industrial Avg.	-1.78%	-2.30%	6.35%	18.43%	20.36%	9.31%
S&P 500	-0.61%	0.37%	7.91%	28.55%	30.36%	10.73%
NASDAQ Composite	0.36%	3.73%	12.87%	33.67%	36.24%	9.81%
Russell 3000	-0.87%	0.04%	8.59%	27.77%	29.94%	9.94%
Russell 2000	-2.55%	-3.54%	7.87%	17.27%	22.20%	3.98%
MSCI EAFE	-1.52%	0.16%	-3.36%	6.41%	10.80%	3.36%
MSCI Emerging Markets	0.25%	2.71%	2.44%	10.57%	16.47%	-0.90%
Bonds	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg US Agg Bonds	-1.38%	-0.93%	-2.82%	1.97%	3.27%	-2.24%
Bloomberg Municipal Bonds	-0.87%	-0.54%	0.00%	1.99%	3.57%	-0.22%
Bloomberg US Corp High Yield	-0.22%	0.20%	1.78%	8.87%	11.37%	3.39%
Commodities	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg Commodity	1.31%	0.71%	3.77%	5.06%	7.76%	4.89%
S&P GSCI Crude Oil	5.46%	4.15%	4.53%	-1.16%	1.58%	-0.11%
S&P GSCI Gold	0.61%	-0.19%	2.49%	29.15%	33.97%	14.36%

Source: Cetera Investment Management, FactSet. Total returns used, which includes dividends and interest.

Chart of the Week: Shelter Inflation is Moderating



Shelter inflation is a key factor keeping overall inflation above the Fed's 2% target. Excluding shelter, CPI inflation is under 2%. Positively, shelter inflation is easing, hitting a 33-month low of 4.8% year-over-year last month.

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A diversified portfolio does not assure a profit or protect against loss in a declining market.

Glossary

The **Dow Jones Industrial Average** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ.

The **S&P 500** is an index of 500 stocks chosen for market size, liquidity and industry grouping (among other factors) designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe.

The **NASDAQ Composite Index** includes all domestic and international based common type stocks listed on The NASDAQ Stock Market. The NASDAQ Composite Index is a broad based index.

The **Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity universe and is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

The **Russell 3000 Index** measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market.

The **Russell Midcap Index** measures the performance of the mid-cap segment of the U.S. equity universe and is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership.

The **Bloomberg US Aggregate Bond Index**, which was originally called the Lehman Aggregate Bond Index, is a broad based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate debt securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency) debt securities that are rated at least Baa3 by Moody's and BBB- by S&P. Taxable municipals, including Build America bonds and a small amount of foreign bonds traded in U.S. markets are also included. Eligible bonds must have at least one year until final maturity, but in practice the index holdings have a fluctuating average life of around 8.25 years.

The **Bloomberg US Corporate High Yield Index** measures the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below, excluding emerging market debt. Payment-in-kind and bonds with predetermined step-up coupon provisions are also included. Eligible securities must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 6.3 years.

The **Bloomberg US Municipal Bond Index** covers the USD-denominated long-term tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and prerefunded bonds. Eligible securities must be rated investment grade (Baa3/BBB- or higher) by Moody's and S&P and have at least one year until final maturity.

The **MSCI EAFE Index** is designed to measure the equity market performance of developed markets (Europe, Australasia, Far East) excluding the U.S. and Canada. The Index is market-capitalization weighted.

The **MSCI Emerging Markets Index** is designed to measure equity market performance in global emerging markets. It is a float-adjusted market capitalization index.

The **Bloomberg Commodity Index** is a broadly diversified index that measures 22 exchange-traded futures on physical commodities in five groups (energy, agriculture, industrial metals, precious metals, and livestock), which are weighted to account for economic significance and market liquidity. No single commodity can comprise less than 2% or more than 15% of the index; and no group can represent more than 33% of the index.

The **S&P GSCI Crude Oil Index** is a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark for investment performance in the crude oil market.

The **S&P GSCI Gold Index**, a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark tracking the COMEX gold futures market.

The **U.S. Dollar Index** is a weighted geometric mean that provides a value measure of the United States dollar relative to a basket of major foreign currencies. The index, often carrying a USDX or DXY moniker, started in March 1973, beginning with a value of the U.S. Dollar Index at 100.000.