

# Wealth Strategies Group, LLC

The markets continued to rise on positive employment news as well as advances with AI technology. The S&P 500 added 0.21% for the week, bringing its YTD gain to 19.92%<sup>1</sup>. Eyes are on The Fed this week as they meet to discuss rates for the final time this year. As we stand, odds are overwhelmingly pointing to no change<sup>2</sup>. The big question is, will we see cuts in 2024 and when? CME Group's FedWatch Tool currently projects 3-4 for the year<sup>2</sup>. The Fed is still cautious

and warns of additional increases if inflation persists, or at least holding steady until they are surer of the results<sup>3</sup>. Investors, meanwhile, are betting on a cut as early as March<sup>4</sup>. Reuters notes The Fed's past rate cuts, when they occurred, and the thoughts around them<sup>5</sup>.

2 weeks to go until the Christmas holiday. It will be interesting to see how holiday spending ends up for the year. I've seen projections of an increase over 2022 and also concerns about muted spending due to this year's inflation pressures. As we wind down the year, we're getting ready for 2024. Preparing for year-end reviews in January/February, adding some client appreciation social/informational gatherings, and I'm even considering doing a book on basic financial concepts. It should be a busy 2024, hopefully we'll continue to see the markets in positive territory. I'd love to know what you're hoping to accomplish next year so drop me an email or be prepared to discuss it during our reviews.

----Chuck

### **This Week's Inspiration/Activity:**

***"My father didn't tell me how to live; he lived and let me watch him do it."***

***Author, Clarence Budington Kelland***

***Your activity for this week is to set a positive and inspirational example for your children, grandchildren, and co-workers.***

### **This Week in History:**

***December 11, 2008 -- Financier Bernard Madoff is arrested at his New York City apartment and charged with masterminding a long-running Ponzi scheme later estimated to involve around \$65 billion, making it one of the biggest investment frauds in Wall Street history<sup>6</sup>.***

<sup>1</sup> see update below

<sup>2</sup> <https://www.cmegroup.com/markets/interest-rates/cme-fedwatch-tool.html?redirect=/trading/interest-rates/countdown-to-fomc.html>

<sup>3</sup> <https://www.cnbc.com/2023/12/11/rate-cuts-ahead-fed-ecb-and-other-central-banks-set-for-pivotal-week.html>

<sup>4</sup> <https://www.cnn.com/2023/12/10/economy/stocks-week-ahead-fed-higher-for-longer-crumbling/index.html>

<sup>5</sup> <https://www.reuters.com/markets/us/key-moments-fed-easing-history-since-1994-2023-12-11/>

<sup>6</sup> <https://www.history.com/this-day-in-history/billionaire-conman-bernard-madoff-arrested>

December 11, 2023

## MARKET INSIGHTS



A late-week, two-day rally left stocks higher, adding to November's gains as the last month of trading for 2023 began.

The Dow Jones Industrial Average was flat (+0.01%), while the Standard & Poor's 500 gained 0.21%. The Nasdaq Composite index

advanced 0.69% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, was up 0.37%.<sup>1,2,3</sup>

Market Index	Close	Week	Y-T-D
DJIA	36,247.87	+0.01%	+9.35%
NASDAQ	14,403.97	+0.69%	+37.62%
MSCI-EAFE	2,138.29	+0.37%	+10.00%
S&P 500	4,604.37	+0.21%	+19.92%



	Treasury	Close	Week	Y-T-D
	10-Year Note	4.23%	+0.01%	+0.35%

Sources: The Wall Street Journal, December 8, 2023; Treasury.gov, December 8, 2023

Weekly performance for the Dow Jones Industrial Average, Standard & Poor's 500 Index, and NASDAQ

Composite Index is measured from the close of trading on Friday, December 1, to Friday, December 8 close.

Weekly performance for the MSCI-EAFE is measured from Friday, December 1 open to Thursday, December 7

close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

## Stocks Extend Gains

The relationship between the bond and stock markets—which pushed stocks higher in November (i.e., falling bond yields, rising stock prices)—disappeared last week, with stocks falling in the first three days of the week despite declining yields. Yields dropped following a weak job openings report, the ADP employment update, and a substantial productivity revision.

On Thursday, investor enthusiasm returned with force on Artificial Intelligence (AI) related news. One AI chip manufacturer announced a new AI chip, followed by a mega-cap tech company unveiling an enhanced version of its AI model for business use. Stocks continued their climb on Friday despite rising yields, as investors viewed a stronger-than-expected employment report as increasing the potential for a soft landing.

## Productivity Surges

Higher productivity may be the most effective and preferred way to reduce inflation. Last week's revised third-quarter productivity report saw an upward revision of the annualized productivity growth from the initial report of 4.7% to 5.2%; this was welcome news on the inflation front and an encouraging development for future corporate profits.<sup>4</sup>

The 5.2% jump in productivity represented the fastest pace since the third quarter of 2020. The report also showed unit labor costs falling at a 1.2% annualized pace, reflecting a cooling of wage-growth inflationary pressures. Productivity has increased for two straight quarters, potentially allowing the Fed to ease its restrictive monetary policy.<sup>5</sup>

## This Week: Key Economic Data

**Tuesday:** Consumer Price Index (CPI).

**Wednesday:** Producer Price Index (PPI). FOMC Announcement.

**Thursday:** Retail Sales. Jobless Claims.

**Friday:** Industrial Production. Purchasing Managers' Index (PMI) Composite Flash.

Source: Econoday, December 8, 2023

The Econoday economic calendar lists upcoming U.S. economic data releases (including key economic indicators), Federal Reserve policy meetings, and speaking engagements of Federal Reserve officials. The content is developed from sources believed to be providing accurate information. The forecasts or forward-looking statements are based on assumptions and may not materialize. The forecasts also are subject to revision.

## This Week: Companies Reporting Earnings

**Wednesday:** Adobe, Inc. (ADBE)

**Thursday:** Costco Wholesale Corporation (COST)

**Friday:** Lennar Corporation (LEN)

Source: Zacks, December 8, 2023

Companies mentioned are for informational purposes only. It should not be considered a solicitation for the purchase or sale of the securities. Investing involves risks, and investment decisions should be based on your own goals, time horizon, and tolerance for risk. The return and principal value of investments will fluctuate as market conditions change. When sold, investments may be worth more or less than their original cost. Companies may reschedule when they report earnings without notice.



*"The whole fun of living is trying to make something better"*  
– **Charles Kettering**



## Tax Tips for Children or Grandchildren with Part-Time Job

Many of us have kids or grandkids who work part-time. Whether they're bussing tables, working in a shop, or other jobs, these tips may help them (and you) understand the tax implications of part-time jobs:

- **Withholding:** If your child is working for an employer, they will generally withhold taxes from their paycheck. If they are self-employed, however, they may be responsible for paying these taxes directly to the IRS.
- **Self-Employment:** It's a good idea to keep records of income and expenses related to self-employed work. Expenses associated with self-employment may be deductible.
- **New Employee Paperwork:** Talk to your child or grandchild about the paperwork they may need to fill out when starting a new job. This will likely include a W-4 form, which is a form that businesses use to calculate how much federal income should be withheld from their paycheck.
- **Tip Income:** All tip income is taxable, and if they make more than \$20 in cash tips a month, they must report it to their employer. In addition, they must report all yearly tips on their tax returns.
- **Payroll Taxes:** Even if your kids or grandkids earn too little to owe income tax, they may still have to either pay Social Security and Medicare taxes themselves or have them withheld from their paycheck.

*\*This information is not intended to substitute for specific individualized tax advice. We suggest you discuss your specific tax issues with a qualified tax professional.*

Tip adapted from IRS.gov<sup>6</sup>



## How to Take a Vacation Without Leaving Home

Vacations provide a ton of benefits and are a great way to relax and take a break from your everyday stressors. But sometimes, you can't swing a whole vacation. The good news is that you can still enjoy a little getaway without leaving the comfort of your own home.

Here are some fun ways to "get away" without actually getting away:

- Create a themed cocktail or drink based on the place you're dreaming of. Whip up a fancy French cocktail and pretend you're sitting on a terrace in Paris, or order a local microbrew from a US destination that you've always wanted to go to.
- You can also create a themed dinner night and take a culinary adventure around the world. Bonus points if you design a real menu.
- Visit a museum (virtually). The Google Arts and Culture Project makes it possible to visit the Tate, Reina Sofia, and Acropolis Museum all from the comfort of your own home.

Whether you want to visit a national park, learn a new language, or try a new recipe, there are countless ways to explore the world from your living room.

Tip adapted from Ideas.ted.com<sup>7</sup>

## WEEKLY RIDDLE



My first is twice in apple but not once in tart. My second is in liver but not in heart. My third is in giant and also in ghost. Whole I'm best when I am roast. What am I?

*Last week's riddle: It has no body, but it has a copper head and copper tail. It can be found in the street and in just about any store. What is it? Answer: A penny.*

## PHOTO OF THE WEEK



*Temple of Kukulcan, Chichen Itza, Yucatan, Mexico*

## Footnotes and Sources

1. The Wall Street Journal, December 8, 2023
2. The Wall Street Journal, December 8, 2023
3. The Wall Street Journal, December 8, 2023
4. MarketWatch, December 6, 2023
5. MarketWatch, December 6, 2023
6. IRS.gov, May 1, 2023
7. Ideas.ted.com, October 9, 2023

Investing involves risks, and investment decisions should be based on your own goals, time horizon, and tolerance for risk. The return and principal value of investments will fluctuate as market conditions change. When sold, investments may be worth more or less than their original cost.

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The market indexes discussed are unmanaged, and generally, considered representative of their respective markets. Index performance is not indicative of the past performance of a particular investment. Indexes do not incur management fees, costs, and expenses. Individuals cannot directly invest in unmanaged indexes. Past performance does not guarantee future results. The Dow Jones Industrial Average is an unmanaged index that is generally considered representative of large-capitalization companies on the U.S. stock market. Nasdaq Composite is an index of the common stocks and similar securities listed on the NASDAQ stock market and is considered a broad indicator of the performance of technology and growth companies. The MSCI EAFE Index was created by Morgan Stanley Capital International (MSCI) and serves as a benchmark of the performance of major international equity markets, as represented by 21 major MSCI indexes from Europe, Australia, and Southeast Asia. The S&P 500 Composite Index is an unmanaged group of securities that are considered to be representative of the stock market in general.

U.S. Treasury Notes are guaranteed by the federal government as to the timely payment of principal and interest. However, if you sell a Treasury Note prior to maturity, it may be worth more or less than the original price paid. Fixed income investments are subject to various risks including changes in interest rates, credit quality, inflation risk, market valuations, prepayments, corporate events, tax ramifications and other factors.

International investments carry additional risks, which include differences in financial reporting standards, currency exchange rates, political risks unique to a specific country, foreign taxes and regulations, and the potential for illiquid markets. These factors may result in greater share price volatility.

Please consult your financial professional for additional information.

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