

Weekly Market Insights

December 12, 2022

Recession fears and concerns that the Fed may consider a longer rate-hike cycle sent stocks lower for the week.

The Dow Jones Industrial Average dropped 2.77%, while the Standard & Poor's 500 fell 3.37%. The Nasdaq Composite index lost 3.99% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, dipped 1.09%.^{1,2,3}



Market Index	Close	Week	Y-T-D
DJIA	33,476.46	-2.77%	-7.88%
NASDAQ	11,004.62	-3.99%	-29.66%
MSCI-EAFE	1,961.62	-1.09%	-16.03%
S&P 500	3,934.38	-3.37%	-17.45%



Treasury	Close	Week	Y-T-D
10-Year Note	3.57%	+0.06%	+2.05%

Sources: The Wall Street Journal, December 9, 2022; Treasury.gov, December 9, 2022
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 2, to Friday, December 9, close. Weekly performance for the MSCI-EAFE is measured from Friday, December 2, open to Thursday, December 8, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

Stocks Slide

Stocks were under pressure much of the week due to resurgent recession fears and concerns that Fed rate hikes may go higher for longer than current expectations. There was some good news last week on the economic front and out of China, which started to loosen COVID restrictions. But it was a week where good news was considered bad news, as any signs of economic resilience stoked worries of a longer rate-hike cycle.

Higher continuing jobless claims signaled economic softness, triggering a Thursday rally. But stock prices were under pressure Friday following a disappointing Producer Price Index (PPI) number.

Producer Inflation Disappoints

The Labor Department reported that the PPI rose 0.3% in November and 7.4% from a year ago. Though wholesale prices inflation rose at the slowest 12-month pace since May 2021, they exceeded market expectations. Price pressures were felt most in the services sector, where costs rose 0.4% after a 0.1% increase the month before. Goods inflation eased to a rise of 0.1%, a sharp drop from its October gain of 0.6%.⁴

Though the PPI number dented the optimism around cooling inflation, November's PPI report represented an improvement from its 11.7% peak in March.⁵

This Week: Key Economic Data

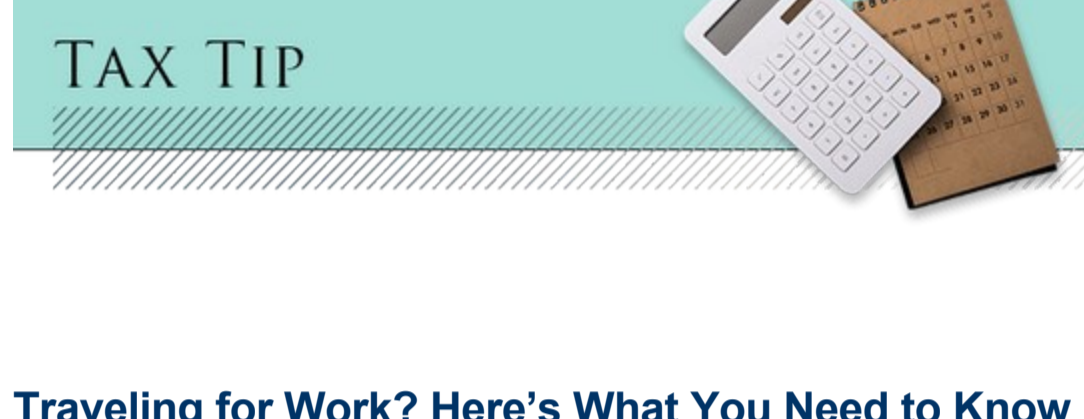
- Tuesday:** Consumer Price Index (CPI).
- Wednesday:** Federal Open Market Committee (FOMC) Meeting Announcement.
- Thursday:** Jobless Claims. Retail Sales. Industrial Production.
- Friday:** Purchasing Managers' Index (PMI) Composite.

Source: Econoday, December 9, 2022
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

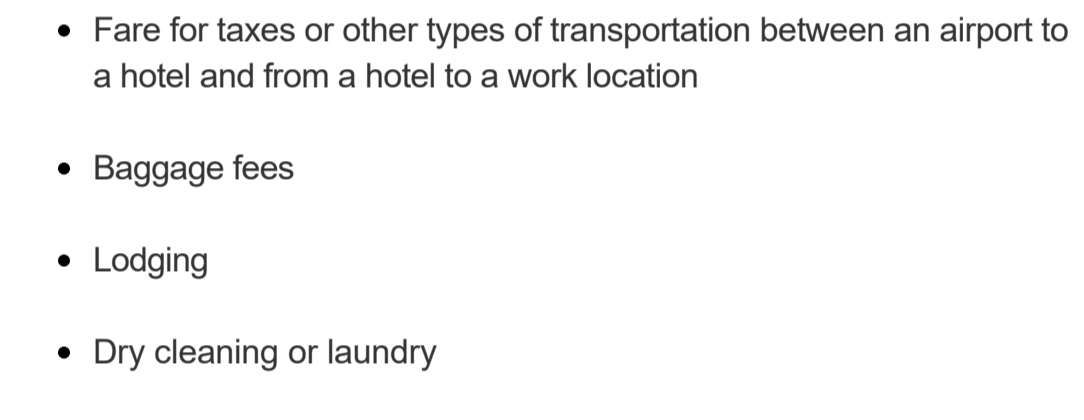
- Thursday:** Adobe, Inc. (ADBE).
- Friday:** Darden Restaurants, Inc. (DRI).

Source: Zacks, December 9, 2022
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 winter of the spirit must be journeyed through, and it must not only be conquered but the benefits used. Yet without it maturity cannot arrive."

— Jane Roberts



Traveling for Work? Here's What You Need to Know About Business-Related Travel Deductions

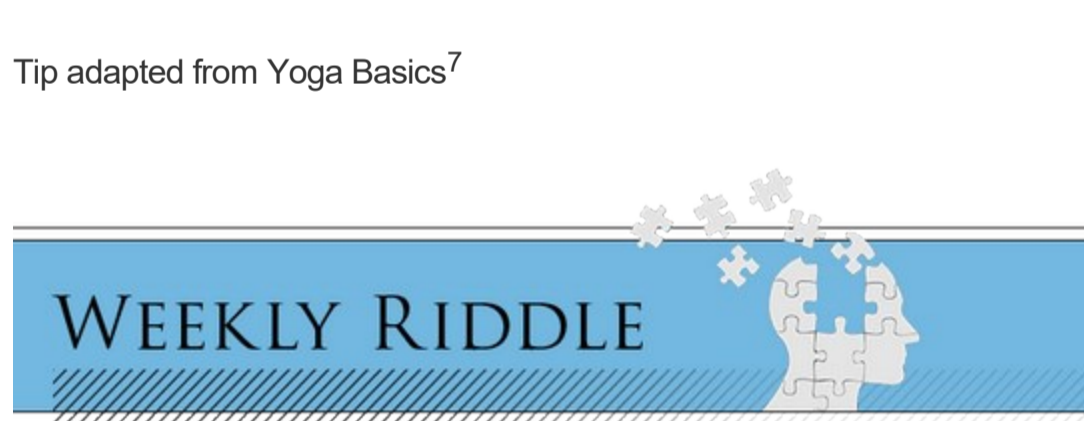
Business travel deductions are available when employees travel away from their tax home or principal place of work for business reasons. The travel period must be substantially longer than an ordinary day's work, and a need for sleep or rest to meet the demands of the work while away.

- Some examples of deductible travel expenses include:
- Airline, bus, or train tickets or mileage rates to drive
 - Fare for taxis or other types of transportation between an airport to a hotel and from a hotel to a work location
 - Baggage fees
 - Lodging
 - Dry cleaning or laundry

If you are self-employed, you can deduct your travel expenses using Schedule C (Form 1040), Profit or Loss From Business (Sole Proprietorship).

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

Tip adapted from IRS.gov⁶



Meet The Warrior Poses of Yoga

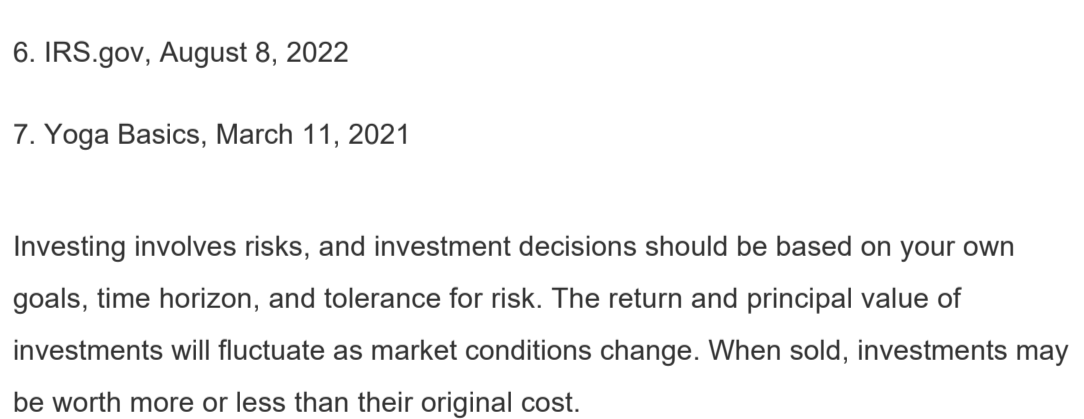
These warrior poses can help stretch and strengthen your body and are the foundation of most yoga practices. Let's meet the five warrior poses of yoga!

- **Warrior I** - In warrior I, the front knee is bent, and the hips are turned to the front of your mat. Your arms are raised.
- **Warrior II** - Warrior II is a lateral pose with your front knee bent, and your hips turned to the side. Your arms are parallel to your hips.
- **Warrior III** - Balancing on one foot, the standing leg is straight, and the opposite leg is lifted behind you when your arms reach forward.
- **Humble/Peaceful Warrior** - Your legs are in the same position as Warrior II, but your chest is bent toward your front leg with your arms clasped behind your back.
- **Reverse Warrior** - Your legs are in the same position as Warrior II, but your arms and torso reach backward, and your chest is facing the sky.

Tip adapted from Yoga Basics⁷



What item binds two people yet touches only one?
Last week's riddle: A train moving as fast as it can go strikes a man's hand, yet he is uninjured and the train goes off its tracks. Under what circumstances could this happen? Answer: The train that strikes the man is a toy train running around on a model set.



Great Barrier Reef, Australia

Footnotes and Sources

1. The Wall Street Journal, December 9, 2022
2. The Wall Street Journal, December 9, 2022
3. The Wall Street Journal, December 9, 2022
4. CNBC, December 9, 2022
5. CNBC, December 9, 2022
6. IRS.gov, August 8, 2022
7. Yoga Basics, March 11, 2021

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 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.

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