

Wealth Strategies Group, LLC

Positive inflation news and the thoughts Fed rate cuts could come earlier than projected next year sent the market higher last week as the S&P 500 gained 2.5% (up 22.91% YTD)¹. The Fed held rates steady last Wednesday as expected. Goldman Sachs is projecting rate cuts to begin in March², but Chicago Fed President Goolsbee warns it may be too early to celebrate³. Additionally, November retail sales numbers have come in and showed a rebound after

declining in October⁴. That could bode well for the remainder of December and holiday retail sales.



We're in the home stretch. This is the last full trading week of the year as markets will be closed next week on Monday for the Christmas Holiday. This will also be the final Market Insights for the year, picking back up in January as we take some time off next week to recover and spend time with family. 2024 portends to be a busy one here at WSG LLC. Year-end reviews begin mid-January and will run to mid-February. As noted last week, I am planning on a book covering basic financial concepts and working on 2-3 client appreciation events for the year. If I don't speak with you prior to 2024, I hope you have a pleasant holiday and I look forward to working and communicating

with you in the new year!

----Chuck

This Week's Inspiration/Activity:

"If you do not think about the future, you cannot have one."

Journalist, John Gale

Your activity for this week is to commit to putting some time aside next year to either start or update your financial and retirement plans.

This Week in History:

December 17, 1972 -- The last three astronauts to travel to the moon splash down safely in the Pacific Ocean. Apollo 17 had lifted off from Cape Canaveral, Florida, 10 days before⁵.

¹ see update below

² <https://www.foxbusiness.com/economy/fed-could-cut-interest-rates-earlier-faster-expected-goldman-says>

³ <https://www.foxbusiness.com/economy/too-early-to-declare-victory-inflation-chicago-fed-president-says>

⁴ <https://www.cnn.com/2023/12/14/economy/retail-sales-november/index.html>

⁵ <https://www.history.com/this-day-in-history/last-lunar-landing-mission-ends>

December 18, 2023

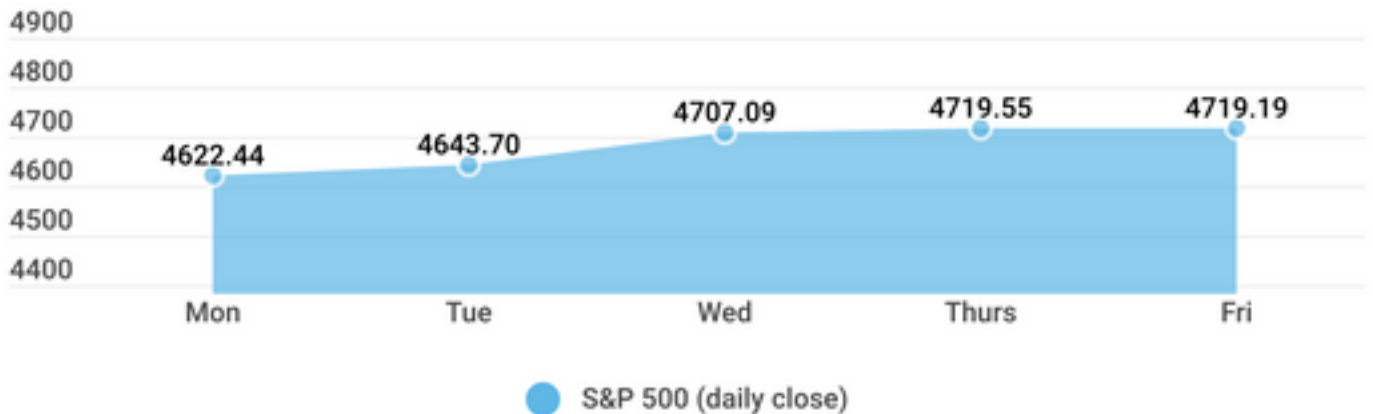
MARKET INSIGHTS



Markets reacted positively last week to cooler inflation and the idea of potential rate cuts next year, adding to the gains of the market's year-end rally.

The Dow Jones Industrial Average rose 2.92%, while the Standard & Poor's 500 gained 2.50%. The Nasdaq Composite index picked up 2.85% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, tacked on 2.75%.^{1,2,3}

Market Index	Close	Week	Y-T-D
DJIA	37,305.16	+2.92%	+12.54%
NASDAQ	14,813.92	+2.85%	+41.54%
MSCI-EAFE	2,197.33	+2.75%	+13.04%
S&P 500	4,719.19	+2.50%	+22.91%



	Treasury	Close	Week	Y-T-D
	10-Year Note	3.91%	-0.32%	+0.03%

Sources: The Wall Street Journal, December 15, 2023; Treasury.gov, December 15, 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 8, to Friday, December 15 close. Weekly performance for the MSCI-EAFE is measured from Friday, December 8 open to Thursday, December 14 close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

Rally Continues

Stocks gathered momentum last week after upbeat news from two key inflation reports. But the outcome of the Federal Open Market Committee (FOMC) meeting on Wednesday powered the week's advance. The combination of the FOMC signaling three rate cuts in 2024 and dovish comments by Fed Chair Powell led to a sharp drop in bond yields and a spike in stock prices, with the Dow Industrials closing above 37,000 and setting an all-time high.⁴

The rally continued the following day as beneficiaries of lower rates, such as smaller capitalization stocks and real estate, rallied. A solid retail sales number, which reflected a strong consumer and supported the soft-landing thesis, also boosted enthusiasm.

Inflation Eases

The anxiously awaited read on November inflation came close to market expectations, with a 0.1% increase over October and a year-over-year increase of 3.1%. Core inflation, which excludes energy and food prices, came in a bit hotter, rising 0.3% month-over-month and 4.0% from a year ago. A 2.3% decline in energy costs helped offset a 2.9% jump in food prices. Shelter prices remained stubbornly high, rising 0.4% from October and 6.5% from last November.⁵

The inflation news was better on wholesale prices, tracked by the Producer Price Index (PPI). Producer prices were unchanged in November and higher by just 0.9% year-over-year. Excluding energy and food, the monthly increase was also unchanged.⁶

This Week: Key Economic Data

Tuesday: Housing Starts.

Wednesday: Consumer Confidence. Existing Home Sales.

Thursday: Gross Domestic Product (GDP). Jobless Claims. Index of Leading Economic Indicators.

Friday: Durable Goods Orders. Personal Income and Outlays. New Home Sales. Consumer Sentiment.

Source: Econoday, December 15, 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

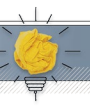
Tuesday: FedEx Corporation (FDX)

Wednesday: Micron Technology, Inc. (MU), General Mills, Inc. (GIS)

Thursday: Nike, Inc. (NKE)

Source: Zacks, December 15, 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.



FOOD FOR THOUGHT

"I never try to please a certain audience. I think that's disastrous."

– **Charles Schulz**



TAX TIP

Tax Benefit and Credits: FAQs for Retirees

Lots of questions can come up about income taxes after one has retired. Some common types of taxable income include military retirement pay, all or part of pensions and annuities, all or part of individual retirement accounts (IRA), unemployment compensation, gambling income, bonuses and awards for outstanding work, and alimony or prizes. A few examples of non-taxable income are veteran's benefits, disability pay for certain military or government-related incidents, worker's compensation, and cash rebates from a dealer or manufacturer of an item you purchased.

**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.gov⁷



HEALTHY LIVING TIP

Practicing Gratitude in the New Year

Instead of beginning the new year with a list of resolutions, start by examining the good things already in your life by practicing gratitude.

Psychologists have defined gratitude as a positive emotional response to receiving a benefit from someone. In positive psychology, gratitude is the human way of acknowledging the good things in life. Thankfully, you can learn gratitude if it does not come innately.

There are benefits to practicing gratitude, especially in times of stress and uncertainty. Gratitude invites positive emotions that can have physical benefits through the immune and endocrine systems. Research shows that when we think about what we appreciate, the parasympathetic or calming part of the nervous system is triggered, which can have protective benefits for the body—including decreasing levels of the stress hormone cortisol and increasing oxytocin, the bonding hormone involved in relationships that make us feel good.

There are a few great ways to get started today and practice gratitude in your own life:

- Write thank you notes
- Keep a gratitude journal
- Follow-up with family and friends
- Give back to your family, friends, and community
- Pay kindnesses forward

Tip adapted from PsychologyToday.com⁸

WEEKLY RIDDLE

Ray slipped off of a 30-foot escalator and landed on a sidewalk. He was embarrassed, yet uninjured. How could this be?

Last week's 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? Answer: A pig.

PHOTO OF THE WEEK



Mountain lion in the southwest USA

Footnotes and Sources

1. The Wall Street Journal, December 15, 2023
2. The Wall Street Journal, December 15, 2023
3. The Wall Street Journal, December 15, 2023
4. CNBC, December 13, 2023
5. CNBC, December 12, 2023
6. CNBC, December 13, 2023
7. IRS.gov, December 11, 2023
8. PsychologyToday.com, December 11, 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.

The forecasts or forward-looking statements are based on assumptions, may not materialize, and are subject to revision without notice.

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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