

Wealth Strategies Group, LLC

Tech companies and a slightly favorable inflation report sent the markets higher last week as the S&P 500 gained 1.84% for the week (up 0.34% YTD)¹. While the CPI did make an unexpected jump in December, wholesale prices fell more than expected, hopefully pointing to lower inflation in the future^{2,3}. Where are we seeing higher and lower prices? Here are 2 charts from CNBC noting the categories still seeing higher prices⁴, and where deflation is showing up⁵. On the Fed watch, odds of no change in interest rates rose

with CME Groups FedWatch Tool jumping to better than 95% odds of no movement⁶. The big question is when and how much the Fed will move this year. The same tool is currently projecting 7 reductions beginning in March ending the year at 1.5 percentage points less than the current level. But that isn't guaranteed. CNN notes the conundrum they face in balancing when to make a move⁷. Personally, and this is only my opinion, 7 reductions seem excessive.

What a week to be a Michigander (Michiganian?). The University of Michigan finishes business with a national championship and the Lions break a 30+ year drought winning a playoff game (and gaining a second home playoff game in the process). Dare we dream of 2 football champions in Michigan this year???

----Chuck

This Week's Inspiration/Activity:

***The most important thing in communication is to hear what isn't being said.
Peter Drucker***

Your activity for this week is to listen and ask questions to ensure you are completely understanding the conversations you are having.

This Week in History:

January 15, 2001 -- Wikipedia, goes live. As of January 2024, Wikipedia has more some 6.8 million articles in more than 300 languages⁸.

¹ see update below

² <https://www.foxbusiness.com/economy/wholesale-inflation-cools-more-than-expected-december>

³ <https://www.cnbc.com/2024/01/12/wholesale-prices-unexpectedly-fell-0point1percent-in-december-in-positive-inflation-sign.html>

⁴ <https://www.cnbc.com/2024/01/11/heres-the-inflation-breakdown-for-december-2023-in-one-chart.html>

⁵ <https://www.cnbc.com/2024/01/12/deflation-heres-where-prices-fell-in-december-2023-in-one-chart-.html>

⁶ <https://www.cmegroup.com/markets/interest-rates/cme-fedwatch-tool.html?redirect=/trading/interest-rates/countdown-to-fomc.html>

⁷ <https://www.cnn.com/business/economy/fed-rate-cuts-investors/index.html>

⁸ <https://www.history.com/this-day-in-history/wikipedia-launches>

MARKET INSIGHTS



January 15, 2024

Stocks pushed higher last week, led by big tech names and boosted by December inflation reports that were mixed but positive enough to shore up investor confidence in Fed rate cuts this year.

Stocks Rock and Roll

It was a rocky week that ended on a high note. Stocks rallied Monday after the prior week's decline. Tech shares led, with the Nasdaq posting its best day since November 14.

On Tuesday, stocks initially tumbled but recovered most of their losses late in the session. Stocks rallied on Wednesday ahead of inflation news the following two trading days. Stocks fell initially on Thursday in response to a hotter-than-expected inflation report, reflecting investor concerns about the certainty, timing, and extent of Fed rate cuts later this year.

On Friday, the start of earnings season brought mixed results from a handful of major banks. By close, stocks had recovered most of their losses, ending the week with solid gains.^{1,2,3,4,5}

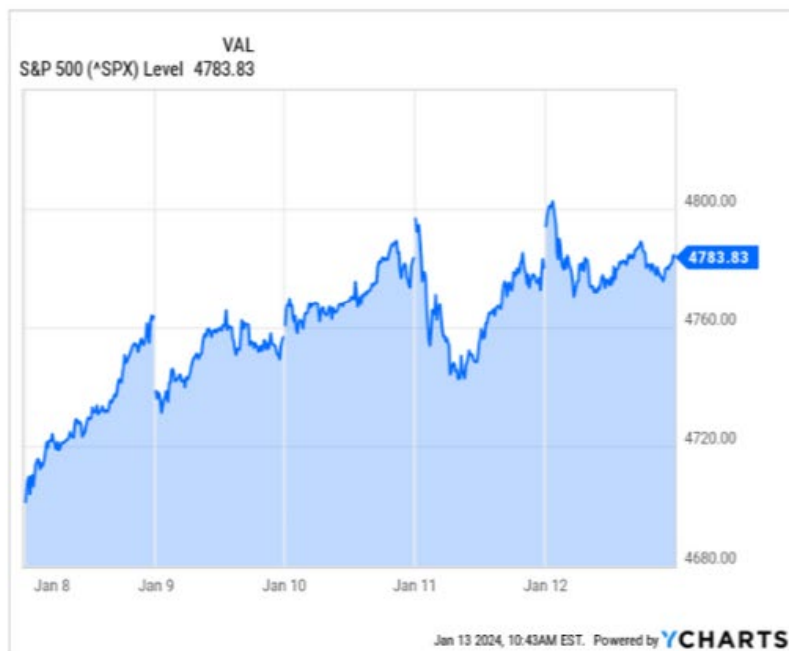
Source: YCharts.com, January 13, 2024. Weekly performance is measured from Monday, January 8, to Friday, January 12. ROC 5 = the rate of change in the index for the previous 5 trading days. TR = total return for the index, which includes any dividends as well as any other cash distributions during the period. Treasury note yield is expressed in basis points.

YCHARTS

Major Index Return Summary

Name	ROC 5	1M TR	YTD TR	1Y TR
Dow Jones Industrial Average	0.34%	2.84%	-0.21%	12.35%
MSCI EAFE	0.87%	3.95%	-0.39%	11.57%
Nasdaq Composite	3.09%	3.08%	-0.24%	37.24%
S&P 500	1.84%	3.15%	0.34%	22.08%

S&P 500 Daily Close



10-Year Note Review

Indicator Name	Latest Value	1M Ago	1M Change
Date		3M Ago	3M Change
		1Y Ago	1Y Change
10 Year Treasury Rate	3.96%	4.20%	-5.71% ▼
01/12/24		4.70%	-15.74% ▼
		3.43%	15.45% ▲

A Tale of Two Inflation Reports

The biggest economic news last week was fresh inflation data. The Consumer Price Index (CPI) rose 0.3 percent in December over the prior month and 3.4 percent compared with a year prior. That number was higher than the 3.2 percent increase economists expected and a few ticks elevated from the 3.1 percent figure in November.^{6,7}

Core CPI for December, which excludes volatile food and energy components, rose 3.9%, a slight decrease from November's 4.0% gain.

On Friday, the Producer Price Index (PPI), which measures inflation by domestic producers, showed a drop of 0.1% for December, possibly suggesting that the CPI's uptick may have been an anomaly.^{6,7,8}

This Week: Key Economic Data

Tuesday: Empire State Manufacturing Index.

Wednesday: Retail Sales. Industrial Production.

Thursday: Jobless Claims. Housing Starts. Petroleum Status Report.

Friday: Existing Home Sales.

Source: Investor's Business Daily, Econoday economic calendar; January 10, 2024

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: Morgan Stanley (MS), The Goldman Sachs Group, Inc. (GS), Interactive Brokers Group, Inc. (IBKR)

Wednesday: The Charles Schwab Corporation (SCHW), U.S. Bancorp (USB), Alcoa (AA)

Thursday: M&T Bank Corporation (MTB), Northern Trust Corporation (NTRS)

Friday: Schlumberger Limited (SLB), The Travelers Companies, Inc. (TRV), State Street Corporation (STT)

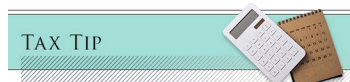
Source: Zacks, January 10, 2024

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"Never mistake a clear view for a short distance."

– Paul Saffo



Know and Understand Your Correct Filing Status

Taxpayers must know their correct filing status and be familiar with each choice. When preparing and filing a tax return, the filing status affects:

- whether taxpayers are required to file a federal tax return
- whether they should file a return to receive a refund

- their standard deduction amount
- whether they can claim certain credits
- the amount of tax they pay
-

Here are the five filing statuses:

- **Single:** Normally, this status is for taxpayers who are unmarried, divorced, or legally separated under a divorce or separate maintenance decree governed by state law.
- **Married filing jointly:** Taxpayers who are married can file a joint tax return with their spouse. When a spouse passes away, the widowed spouse can usually file a joint return for that year.
- **Married filing separately:** Married couples can choose to file separate tax returns when doing so results in a smaller tax burden than filing a joint tax return.
- **Head of household:** Unmarried taxpayers may be able to file under this status, but special rules apply. For example, they must have paid more than half the cost of maintaining a home for themselves and a qualifying person living in the home for half the year.
- **Qualifying widow(er) with dependent child:** This status may apply to taxpayers whose spouse died during one of the previous two years and who have a dependent child. Other conditions also apply.

**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.gov⁹



Keeping Your Heart Rate Up (When Temperatures Are Down)

Colder weather can sap our motivation to leave the warmth of home unless we must, but you don't need to stop working out in winter. Here are a few ways to feel the burn indoors while Mother Nature keeps it cool outside.

Hop to it with a rebounder (a mini-trampoline) or a jump rope. If you have neither, fake the latter by keeping your hands at your sides and rotating them as you mimic the rest of the exercise sans equipment.

Find a YouTube video or other streaming guided workout. Can't squeeze in a full half hour at one go? Pause it and return when you're ready.

If you can afford it, invest in workout equipment you know you'll use. If you run or hike, consider a treadmill with an adjustable incline. Like to ride your bike? Consider getting a stationary one.

There are many ways to stay fit while winter rages outside, but remember to discuss any medical concerns with your healthcare provider before beginning a fitness routine. The information provided here is not a substitute for medical advice.

Tip adapted from Real Simple¹⁰



Hassan II Mosque in Casablanca, Morocco

Footnotes and Sources

1. CNBC.com, January 8, 2024.
2. CNBC.com, January 9, 2024.
3. CNBC.com, January 10, 2024.
4. The Wall Street Journal, January 11, 2024.
5. The Wall Street Journal, January 11, 2024.
6. The Wall Street Journal, January 11, 2024.
7. The Wall Street Journal, January 11, 2024.
8. The Wall Street Journal, January 11, 2024.
9. IRS.gov, May 1, 2023.
10. RealSimple.com, December 12, 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 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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Charles D. Vercellone,
Chartered Financial Consultant (ChFC®)
Accredited Investment Fiduciary (AIF®)
Wealth Strategies Group, LLC
200 E Big Beaver, Troy MI 48083
248-680-4622
chuck@wsgllc.net
www.wsgllc.net/welcome

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