

Weekly Market Update

December 18, 2023

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"The Holiday Season is a perfect time
to reflect on our blessings
and seek out ways to
make life better
for those around us."

~ Terri Marshall

Market Watch

Week Ending Dec. 15, 2023

(Source: Briefing.com)

• DJIA:	37,305.16	1,057.29
2023 YTD 12.50%		
• NASDAQ:	14,813.92	409.95
2023 YTD 41.50%		
• S&P 500:	4,719.19	114.82
2023 YTD 22.90%		
• Russell 2000:	1,985.13	104.31
2023 YTD 12.70%		
• 10 Year Treasury:	3.93%	



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Dave's Weekly Commentary



Good morning, everyone. I hope you had a pleasant weekend. Our weekend started out at the Smith, Moses, and Cozad office party on Friday evening. It is always fun to spend some time with the team and their spouses or significant others in a non-office and relaxed setting. We've always invited Chris, who was with us during those earlier years before and after we moved to the Beavercreek location in 1998. It's always a joy to catch up with them, reminiscing about the old days and contrasting the past, where our office was filled with multiple filing cabinets packed with paper files, to the present, where we no longer have a single filing cabinet. Only nine days remain until the market closes for 2023. Please note, both the financial markets and our office will be closed on Christmas Day and New Year's Day.

It feels like just yesterday when we kicked off 2023, and now we're approaching the year's end, seemingly on a positive trend if the next nine days follow the pattern we've seen in both December and November. Let's delve into last week's market uptick and discuss it further.

The equal-weighted S&P 500 is up 4.1% for the week as of this writing, whereas the 2-yr note yield is down 36 basis points for the week to 4.38% and the 10-yr note yield is down to 3.91%. The 2-yr note yield is down four basis points for the year while the 10-yr note yield is just three basis points away from being unchanged for the year. It has been a rapid turn of events, and it got even more interesting this past week when Fed Chair Powell surprised the markets with some dovish-sounding insight into the Fed's thinking. Fed Chair Powell had the chance to be the policy Grinch who stole Christmas. Instead, he was more like Santa Claus, and by his own words...

- *The question of when will it become appropriate to begin dialing back the amount of policy restraint in place, that begins to come into view and is clearly a topic of discussion out in the world and also a discussion for us at our meeting today."*
- *We're aware of the risk that we would hang on too long, you know. We know that that's a risk, and we're very focused on not making that mistake."*
- *The Fed would need to reduce restriction on economy well before 2% inflation.*

The market responded like a child rounding the corner Christmas day in near disbelief at what they saw and heard from Fed Chair Powell. Treasury yields cascaded lower and stock prices took upward steps that sent the Dow Jones Industrial Average to a record closing high and the S&P 500 within striking distance of its own record closing high.

Additional and potential good news was the Summary of Economic Projections, which showed a median estimate for three rate cuts in 2024 versus two previously. The takeaway for the market was that the Fed is coming closer to the market's thinking rather than staying stuck in its ways. For now, though, the market seems to believe we will land the economy softly, and so far, the economic data is cooperating with that view.

The year ahead will be another battle of interest rate expectations. The market seems to be gliding into the new year with a confident sense that it will have its way with a series of rate cuts in 2024 that are more passive than active in nature. "Passive" rate cuts being those that happen with inflation gliding back to target in an easy economic manner, as opposed to "active" rate cuts that happen because the economy is foundering under the weight of prior rate hikes and/or a Fed that stayed restrictive too long. In reviewing Fed Chair Powell remarks, he seems to be entertaining the passive glide path, which is why it was showtime this past week for him and the market. The questions now are, when will it be go time and why? The answers will matter greatly in 2024.

Last Week's Markets... It was a busy week for the stock market that left the major indices with solid gains. The Dow Jones Industrial Average closed at a new record high on Thursday, building on that during Friday's session, while the S&P 500 closed above 4,700 at its highest level since January 2022. Friday's close marked seven consecutive winning weeks for the major indices. Stocks rose nicely after the market learned that the FOMC voted unanimously to leave the target range for the fed funds rate unchanged at 5.25-5.50%. The Treasury market also had a strong rally in response to the Fed's dovish pivot. The 2-yr note yield dropped 28 basis points to 4.46% and the 10-yr note yield plunged 30 basis points to 3.93%. The 10-yr note yield falling below 4.00% acted as added support for equities this week. The Invesco S&P 500 Equal Weight ETF (RSP) rose 3.9% while relative softness in the mega cap space left the S&P 500 up 2.5% for the week. Only one of the S&P 500 sectors registered a loss -- communication services (-0.1%) -- the rate-sensitive real estate sector rose 5.3%. Other top performing sectors included materials (+4.0%), consumer discretionary (+3.5%), and industrials (+3.6%).

Economic data was mostly consistent with the soft-landing narrative. The November Consumer Price Index was mostly in-line with expectations, while the November Producer Price Index showed some welcome disinflation. Retail sales rebounded in November from a slump in October and weekly jobless claims are still running below recession levels. Source: Briefing.com.

Have a great holiday. Dave

Newsletter continues on the next page.

Does Your Credit Score Affect Your Insurance Rates?

While the vast majority of insurance companies use credit-based insurance scores to help determine the price of insurance, it is banned in the states of Massachusetts, Michigan, Hawaii, and California. Some states only allow it as a factor for property insurance like auto and homeowners insurance. Other states allow it to be used with any type of insurance.¹

Several Factors

Generally, an insurance company will use a credit-based insurance score as just one factor in its underwriting process. Other factors may be considered, depending on the type of insurance. For example, with auto insurance, other factors could include your zip code, the age of the driver, the make, model and age of the car, and the number of miles you drive annually.

The use of credit scores to determine insurance rates is rooted in research that has shown individuals with lower credit scores tend to file more claims.²

You can ask your insurance company if a credit-based insurance score was used to underwrite and rate your policy, and in which risk category you were placed.

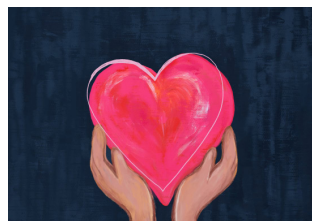
If you want to improve your credit-based insurance score, you should consider taking the same steps you would to improve your credit rating: make timely debt payments, clear up past disputes, and keep credit card balances low.

1. *Forbes*, November 23, 2023

2. *ValuePenguin.com*, May 30, 2023

Planning Points, Part 2 of 2 Tracy Brower, PhD | Senior Contributor © 2023 Forbes Media LLC. All Rights Reserved This Forbes article was legally licensed through AdvisorStream. To the second half of this article now, visit our blog at <https://www.smithmosesandcozad.com/blog>

Giving Is Good—For Others, But Also For You



How to Be More Generous

Globally, multiple communities report needs have increased across multiple groups—with poverty on the rise and loneliness and mental health issues growing as well. Here's how you can be more generous and make an impact.

Think Broadly In addition to money, you can give your time, your skills and your investments of energy. Packing lunches which are donated to food-insecure children or raking leaves for an elderly neighbor are

perhaps more rewarding than just writing a check to your favorite charity. And volunteering is correlated with greater earnings and career advancement. Giving also has a positive ripple effect—when you give, you gain greater awareness of your community, stay connected with friends and neighbors and even encourage others to give, because they experience your actions.

Think Small You can make a big difference through small acts, small amounts of money or small investments of time. You don't have to commit to a weekly shift in a soup kitchen or a daily donation of fruit at the food pantry. The grocery store cashier who gave a few coins from her own pocket in order to round-up for a customer in dire need is a good example. In fact, the research on happiness from the University of Zurich found happiness was associated with generosity, even when acts were a one-time gift or a seemingly insignificant choice.

Think Empathetically Sometimes people give based on what they love to buy or share, but it's a greater gift to provide what is most meaningful to those who are receiving. For example, rather than giving toys to families in need, consider giving laundry supplies so the families can spend their money on making choices of gifts for their children, rather than spending their money on mundane necessities.

Think Regularly Notice, look and stay present in order to see opportunities regularly to make others' lives easier. Help the person on the airplane who can't reach the overhead luggage compartment, offer to help a colleague with a tough project or offer to take your elderly neighbor's returnable cans to the recycle center when you take your own.

Avoid Accounting Being truly generous doesn't include keeping a ledger of what you've given and what you've received in return. In fact, you'll find more meaning in giving when you just give willingly without seeking returns or recompense.

In Sum

Ultimately, generosity is a demonstration of kindness, but also intention. It's keeping a lens on others and considering how to add value every day to others and to the community—and in turn to yourself.



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