

IN THE MARKETS:

- The Dow Jones finished the year at 36,388—a gain of 1.1%. The technology-heavy NASDAQ Composite lagged and ticked down -0.1% to 15,645. The large cap S&P 500 rose 0.9%.
- Major international markets had a relatively quiet week of trading. As grouped by Morgan Stanley Capital International, developed markets finished the week up 0.4% and emerging markets gained 0.3%.
- Commodities finished the week solidly to the upside. Gold rose 0.9% to \$1828.60 per ounce, while West Texas Intermediate crude oil added 1.9% finishing at \$75.21 per barrel.

U.S. ECONOMIC NEWS:

- The S&P CoreLogic Case-Shiller 20-city price index posted an 18.4% year-over-year gain in October. Phoenix once again led the country in terms of home-price growth, with a 32.3% increase, followed by two Florida cities, Tampa and Miami. However, economists don't expect this level of price appreciation to continue. CoreLogic Deputy Chief Economist Selma Hepp wrote, "Unfortunately, the rate of home-price growth will be limiting for many young buyers who have yet to accumulate sufficient equity gains, and an expected increase in mortgage rates next year will present further challenges."
- Despite higher prices, supply constraints and labor shortages, consumers were ready to spend this holiday season. According to data compiled by MasterCard, holiday sales rose 8.5% in December versus a year earlier, the biggest gain in 17 years. Sales were also 10.7% higher than pre-pandemic levels in 2019. By category, clothing rose 47%, jewelry 32% and electronics 16%. Online sales were up 11% from a year ago and even brick and mortar department stores registered a 21% increase over 2020.
- In the greater Chicago-region, economic activity grew a bit faster in December, despite the spread of the latest 'Omicron' variant of the coronavirus. The Chicago Business Barometer rose to 63.1 in December, readings above 50 signal growth). Manufacturing activity in the New York-region also remained strong as economists use the New York factory data as an early proxy for the closely-watched national factory index released by the Institute for Supply Management.

INTERNATIONAL ECONOMIC NEWS:

- Britain's economy is set to outpace every other nation in the G7 next year according to analysts at the International Monetary Fund (IMF). The IMF reported Britain's economy is expected to grow 5% in 2022, higher than the 4.9% expected for the global economy. That reading easily trumps the 3.5% predicted for the U.S., 4.0% for Germany, and 4.4% for France and Italy. Britain formally left the EU on January 1, 2021 and, since then, output has surged by almost 7% as the country battled back from a deep recession.
- With energy prices already on the rise and increased tensions between Europe and its key gas supplier Russia, Germany made the controversial "green" decision to shut down three of its nuclear power plants. The closure of the plants will cut in half Germany's nuclear power capacity and reduce its energy output by around four gigawatts—equivalent to the power produced by 1,000 wind turbines. Germany is planning to completely wind down atomic energy by the end of 2022.
- In Asia, top leaders in Beijing warned at an economic planning meeting this month that China's economy faces a "triple threat" heading into the new year: shrinking demand, supply shocks, and weakening consumer spending. "The core problem of these 'triple pressures' is still a weakening of demand or insufficient demand," Wang Jun, chief economist at Zhongyuan Bank, said. Sluggish consumer spending has dragged down China's economy since the pandemic. Along with the property market, consumption is one of the two areas most concerning to economists.