

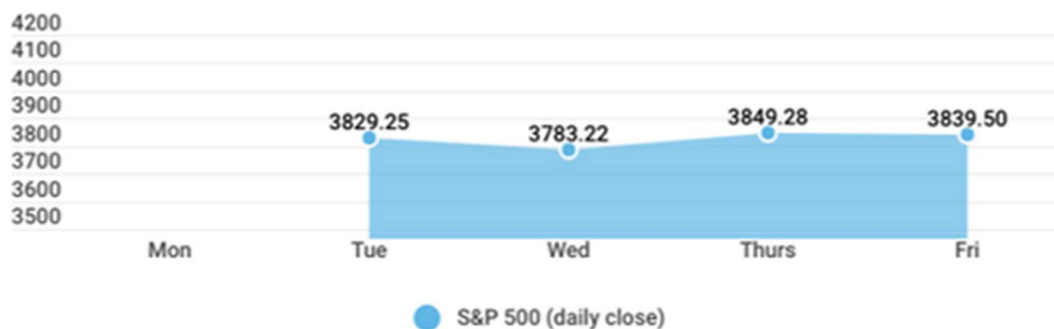



In a holiday-shortened week, erratic trading left stocks marginally down for the week.

The Dow Jones Industrial Average lost 0.17%, while the Standard & Poor's 500 slipped 0.14%. The Nasdaq Composite index fell 0.30%. The MSCI EAFE index, which tracks developed overseas stock markets, edged 0.61% higher.^{1,2,3}



Market Index	Close	Week	Y-T-D
DJIA	33,147.25	-0.17%	-8.78%
NASDAQ	10,466.48	-0.30%	-33.10%
MSCI-EAFE	1,955.48	+0.61%	-16.29%
S&P 500	3,839.50	-0.14%	-19.44%



	Treasury	Close	Week	Y-T-D
	10-Year Note	3.88%	+0.40%	+2.36%

Sources: The Wall Street Journal, December 30, 2022; Treasury.gov, December 30, 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 23, to Friday, December 30, close. Weekly performance for the MSCI-EAFE is measured from Friday, December 23, open to Thursday, December 29, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

Stocks End Lower

Steps by China to move past its zero-Covid policies triggered concerns that its economic reopening might aggravate inflation pressures, sending stocks lower and bond yields higher to begin the week. Technology stocks saw the most significant hit.

With dimming prospects of a Santa Claus rally (the historical tendency of stocks to rise in the final trading days of the year and the first two days of the new year), stocks rebounded strongly on Thursday to erase the losses of the previous two days. However, stocks again turned lower to end the week with small losses.

Lower Risk Appetite Amid Uncertainty

In an otherwise slow week for news, two monthly reports were released highlighting the market's headwinds. The first was State Street's Investor Confidence Index, which measures the risk appetite of institutional investors. The December report showed the confidence of large asset managers in investing in risk assets, like stocks, has dropped over the past two months, explaining, in part, why stocks may have struggled of late.⁴

Meanwhile, the Atlanta Fed released its Survey of Business Uncertainty, which reflected both declining expectations around sales growth and employment, along with growing uncertainty about revenue and employment growth over the next 12 months.⁵

This Week: Key Economic Data

Tuesday: Purchasing Managers' Index (PMI)-Manufacturing. Institute of Supply Management (ISM) Manufacturing. Job Openings and Labor Turnover Survey (JOLTS).

Thursday: Jobless Claims. Automated Data Processing (ADP) Employment Report. Purchasing Managers' Index (PMI)-Services.

Friday: Employment Situation.



"Hypocrisy and untruth will go on in the world. Our doing the right thing will result in their decrease...The danger is that when we are surrounded by falsehood on all sides, we might be caught in it — and begin to deceive ourselves."

– Muhatma Gandhi



Every year on New Year's Eve, WQXR, a classical music station in NYC sponsors the "Classical Music Countdown", where after taking a poll of their listeners, they play the 100 most favorite works in the classical literature. Inevitably, Beethoven's 9th symphony ("Ode an die Freude", Ode to Joy) takes first place and is played, ending right around midnight. May this rendition be an inspiration for an equally joyous 2023:

<https://www.youtube.com/watch?v=kbJcQYVtZMo>

Footnotes and Sources

1. The Wall Street Journal, December 30, 2022
2. The Wall Street Journal, December 30, 2022
3. The Wall Street Journal, December 30, 2022
4. State Street, December 28, 2022
5. Federal Reserve Bank of Atlanta, December 28, 2022

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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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