

Hello,

Hawkish comments by the Fed and weak economic data heightened investors' recession concerns and sent stocks lower last week.

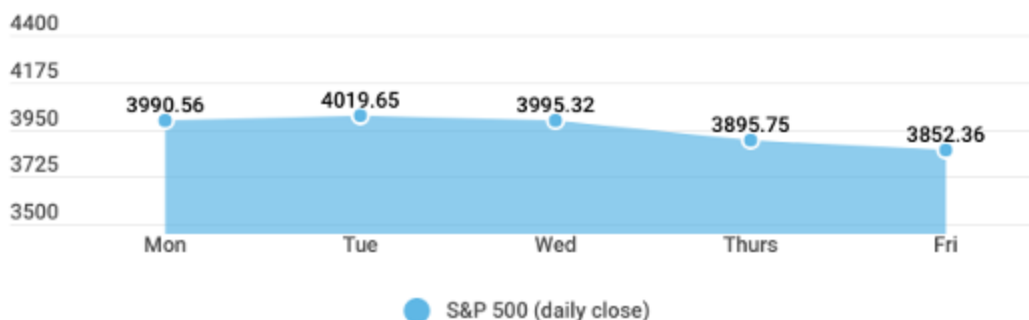
The Dow Jones Industrial Average lost 1.66%, while the Standard & Poor's 500 retreated 2.08%. The Nasdaq Composite index declined 2.72% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, slipped 0.88%.<sup>1,2,3</sup>


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## MARKET INSIGHTS



Market Index	Close	Week	Y-T-D
DJIA	32,920.46	-1.66%	-9.41%
NASDAQ	10,705.41	-2.72%	-31.57%
MSCI-EAFE	1,961.54	-0.88%	-16.03%
S&P 500	3,852.36	-2.08%	-19.17%



	Treasury	Close	Week	Y-T-D
	10-Year Note	3.48%	-0.09%	+1.96%

Sources: The Wall Street Journal, December 16, 2022; Treasury.gov, December 16, 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 9, to Friday, December 16, close. Weekly performance for the MSCI-EAFE is measured from Friday, December 9, open to Thursday, December 15, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

## Stocks Under Pressure

Stocks began the week on a positive note, supported by a cooler-than-expected Consumer Price Index (CPI) report. Stocks reversed direction mid-week, however, following the Federal Open Market Committee (FOMC) meeting in which another 0.5% rate hike was announced.

The half-point increase was widely anticipated, but the increase in the terminal rate (i.e., the point at which the Fed stops raising rates) rattled investors. Continued hawkishness by Fed Chair Powell at the post-meeting press conference added to investors' anxiety. The potential for higher rates for longer, along with disappointing economic data, particularly a sharp decline in retail sales, amplified fears of a recession and sent stocks lower for the remainder of the week.

## **Inflation And The Fed**

The release of November's CPI showed inflation cooling for the second consecutive month, as prices rose just 0.1% month-over-month and 7.1% from a year ago. Both were better than expected.<sup>4</sup>

The FOMC ended its last meeting of 2022 by raising interest rates another 0.5% and signaling that it would likely continue to hike rates into the new year. At a subsequent press conference, Fed Chair Powell commented that the next rate increase could be a quarter-percentage point. Most FOMC members appear to support raising the terminal rate (the point at which hikes end) to above 5%, up from its September projection of 4.6%.<sup>5</sup>

## **This Week: Key Economic Data**

**Tuesday:** Housing Starts.

**Wednesday:** Consumer Confidence. Existing Home Sales.

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

**Friday:** New Home Sales. Durable Goods Orders. Consumer Sentiment.

Source: Econoday, December 16, 2022

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), Nike, Inc. (NKE), General Mills, Inc. (GIS).

**Wednesday:** Micron Technology, Inc. (MU).

Source: Zacks, December 16, 2022

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



*"Love is the master key that opens the gates of happiness."*

**– Oliver Wendell Holmes**

## TAX TIP



### **Keep Well-Organized Records Until Period Of Limitations Expire**

Well-organized recordkeeping makes it easier to prepare your tax return and provide evidence of tax deductions. According to the IRS, You must keep records, such as receipts, canceled checks, and other documents that support an item of income, a deduction, or a credit appearing on a return as long as they may become material in the administration of any provision of the Internal Revenue Code. Depending on the assessment, these periods of limitation can range from 3 years to no limit.

There are also periods of limitations for refund claims, which range from 2 years to 7 years. The IRS recommends keeping records of property records, healthcare insurance, and business income and expenses, among other categories.

\* This information is not intended to be a substitute for specific individualized tax advice. We suggest that you discuss your specific tax issues with a qualified tax professional.

Tip adapted from IRS.gov<sup>6</sup>



## How To Start Journaling

Journaling has many potential benefits, from increased focus to more detailed goal-setting. Want to pick up the habit of journaling but need help figuring out where to start? Here are some tangible tips to get you started:

- Start small. Sometimes, the idea of starting a whole new journal can be overwhelming. Start by writing just one prompt or setting a timer for 2 minutes.
- Pick the simplest tools, and pick tools you love. You're more likely to enjoy journaling if you enjoy the journal and pen themselves!
- Depending on your journaling style, you can either start with a prompt or start with free writing. Free writing is the act of writing whatever comes to mind.
- Let it all out and write without censoring yourself. One tip: try writing as fast as possible, so you don't have time to edit!

Tip adapted from Healthline<sup>7</sup>



Name the three English-language three-letter words that begin and end with the letter E.

*Last week's riddle: What item binds two people yet touches only one? Answer: A wedding ring.*





*Chiyoda City, Tokyo, Japan*

## Footnotes And Sources

1. The Wall Street Journal, December 16, 2022
2. The Wall Street Journal, December 16, 2022
3. The Wall Street Journal, December 16, 2022
4. CNBC, December 13, 2022
5. The Wall Street Journal, December 14, 2022
6. IRS.gov, August 8, 2022
7. Healthline, February 22, 2022

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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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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