

Friday Forethought

For week ending December 16, 2022



QUIN OAKS
INVESTMENT GROUP
of Wells Fargo Advisors

The Year Is Winding Down and So Is This Week's News

After an up and down start to the week, which included positive data on cooling inflation, investors found little encouragement yesterday. The market lost some of its footing on news that the Federal Reserve (Fed) stated that they will remain hawkish for longer than they previously expected i.e. more and higher. The market was able to recover from this disappointment, however the next wave of bad news showed jobless claims dropped, and retail sales took a hit. On one hand, it appears that inflation is taking a toll on retail consumers as sales fell 0.6% in November versus the expected 0.3% decline. Yet November's headline CPI showed prices rose 0.1% month-over-month and 7.1% annually, easing from October's 0.4% and 7.7% annual, respectively (cnbc.com).

The market appears to be factoring in a recession and rejecting the possibility of a soft(ish) landing; and that the tug-of-war between the Fed and the markets is not going to be the 'transition' that the Fed was touting. As well, this tug-of-war has a delayed element, such that when the Fed pulls, the market may take about six months to respond. So currently, we have the Fed with seven 'tugs' and the market, only recently, appears to be responding.

Our Take



Continue to focus on your long term objectives, but now could be a good time to take advantage of higher returns on fixed income. These returns are offering an opportunity to balance your equity holdings – especially in the current market. So, consider reviewing your equity concentrations and converting a portion to fixed income. If you have any questions, please feel free to contact us.

Leading Trends

The S&P 500 Energy and S&P 500 Consumer Staples Sector are the leading sectors year-to-date: up 53.49% and down 2.76% respectively

Lagging Trends

S&P 500 Consumer Discretionary Sector and S&P 500 Communication Services Sector are the lagging sectors year-to-date: down 34.27% and down 40.07% respectively.

Weekly Markets

	S&P 500	3,895.75	-1.71%
	NASDAQ	10,810.53	-2.45%
	DJIA ¹	33,202.22	-1.71%

¹Dow Jones Industrial Average

	10-YR US Treasury	3.448%	-13.57 bps
	GOLD	1,787.30	-1.22%
	OIL	76.09	+6.30%

Market close 12-8-2022 to market close 12-15-2022

David Clarke

Managing Director – Investments

Kathy Sowl Chelini

First Vice President – Investment Officer

Mark Passalacqua

First Vice President – Investment Officer

Justin Pribilovics-Wade, CFP®

Financial Advisor

The opinions expressed here reflect the judgment of the author as of the date of the report and are subject to change without notice. Any market prices are only indications of market values and are subject to change.

The material has been prepared or is distributed solely for information purposes and is not a solicitation or an offer to buy any security or instrument or to participate in any trading strategy.

Additional information is available upon request. Indices are unmanaged and you cannot invest directly in an index. Source for data is Wells Fargo Investment Institute, Inc., a registered investment adviser and wholly-owned subsidiary of Wells Fargo Bank, N.A., and a bank affiliate of Wells Fargo & Company.

All investing involves risk, including the possible loss of principal.

Past performance is not an indication of future results.

Investment and Insurance Products:

NOT FDIC Insured	NO Bank Guarantee	MAY Lose Value
-------------------------	--------------------------	-----------------------

Wells Fargo Advisors is the trade name used by Wells Fargo Clearing Services, LLC, Member SIPC, a registered broker-dealer and non-bank affiliate of Wells Fargo & Company. CAR 1222-01963

2 Theatre Square | Suite 210
Orinda, CA 94563

(925) 253-4307
(855) 282-1840