

Friday Forethought

For week ending December 2, 2022

Big Wednesday – But A Bell Curve For The Week

The week started timidly as investors tried to anticipate what Fed Chair Powell's speech was going to entail along with the global influence of supply chain issues stemming from China Covid19 stance. We saw a big swell on Wednesday with Fed Chair Powell stating that a December rate-hike slowdown is possible, but also warned that the fight against inflation is far from over. He tempered that warning with some positivity that inspired the market by saying "It makes sense to moderate the pace of our rate increases as we approach the level or restraint that will be sufficient to bring inflation down." Yesterday the market was able to hold on to most of those Wednesday gains despite concern over Friday's jobs report and falling consumer confidence. Regarding Friday's jobs report, we have a clue from the ADP jobs reports – it was weak; the weakest jobs gain since the start of 2021. In this world, where the Fed has been pursuing a weaker job market, a negative surprise would be a positive catalyst for stocks.

Other considerations – European nation sanctions on Russian oil are about to kick in, which combined with Russia's wartime economy, has Vladimir Putin on edge as he recognizes the scale of economic problems he is facing. Concurrently, China is facing a protesting population regarding their zero tolerance for Covid restrictions and continue to contribute to stressful living situations for most citizens.

Our Take



Some positive glimmers this week that could compound pending good reports this week and next. As investors gain confidence that the market has priced in the right amount of Fed tightening, we should start to see higher equity values. We feel there could still be more fallout in the more volatile sectors, so be careful on buying dips. As interest rates appear to be nearing an apex, it could be a good time to consider longer term bond funds. There are variables that are bubbling to the surface, so if you have any questions, please call.

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Leading Trends

The S&P 500 Energy and S&P 500 Consumer Staples Sector are the leading sectors year-to-date: up 63.54% and down 0.52% respectively

Lagging Trends

S&P 500 Consumer Discretionary Sector and S&P 500 Communication Services Sector are the lagging sectors year-to-date: down 29.70% and down 35.15% respectively.

Weekly Markets

	S&P 500	4,076.57	+1.22%
	NASDAQ	11,482.45	+1.75%
	DJIA ¹	34,395.01	+0.58%

¹Dow Jones Industrial Average

	10-YR US Treasury	3.515%	-18.53 bps
	GOLD	1,816.80	+3.48%
	OIL	81.35	+5.04%

Market close 11-24-2022 to market close 12-02-2022

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