

DECEMBER 11, 2023

# Weekly Wire



## Hot Streak

By Rusty Vanneman, CMT, CFA, BFA™

Entering the new week, the stock market has some serious positive momentum. The S&P 500 (and other indices) just completed their 6th consecutive week of gains. That's the best winning streak since 2019. The S&P 500 also hit a new intra-day price high for the year last week. It isn't just positive technicals (i.e., price action) and seasonals helping the market, the economic data was also supportive last week, including better than expected labor data and some encouraging developments on the inflation front.

Regarding inflation, one big positive for consumers was that gasoline prices are now lower on the year. Every penny saved at the gas pump means more candy in some upcoming holiday stockings. Related to that, however, something even more significant is that consumer expectations regarding inflation [plunged, at least in the latest University of Michigan survey](#). In the survey, the one-year outlook for the inflation rate slid to 3.1%, down sharply from 4.5% last month and is now back at its lowest level since March 2021. Given how expectations feed into economic decision-making, both by consumers and companies, this should be encouraging to investors.

Last week was also the monthly [Employment Report](#). While overall job growth last month was slightly above expectations, the unemployment rate unexpectedly dropped from 3.9% to 3.7%. This data also went a long ways to supporting the notion of a "[soft landing](#)", or basically a goldilocks economic backdrop of positive economic growth that's not too hot nor too cold that avoids a recession.

This week should be an interesting one. First, on Tuesday is the latest Consumer Price Index (CPI) inflation data. Expectations are for headline CPI to be 3.1% year-over-year, while core CPI (ex-food and energy) to be 4.0%. Also, the Fed's last meeting of the year is this Wednesday. It is widely expected that there will be no movement in short-term rates, but the Fed will update their economic projections though, which may cause some expectation shifting.

### Key Economic Data Last Week

Data Point	Expectation	Actual
ADP Employment	128,000	103,000
Consumer Credit	\$8.0B	\$5.2B
Nonfarm Payrolls	190,000	199,000
US Unemployment Rate	3.9%	3.7%

Source: MarketWatch, First Trust

### Key Economic Data This Week

Data Point	Expectation	Release Date
Consumer Price Index (CPI) YoY	3.0%	12/12/2023
Core CPI YoY	4.0%	12/12/2023
Producer Price Index (PPI) YoY	--	12/13/2023
Core PPI YoY	--	12/13/2023
Fed Interest Rate Decision	No Hike	12/13/2023
US Retail Sales	-0.1%	12/14/2023

Source: MarketWatch



### Mind Over the Market

Humans are wired to act, markets tend to reward inaction.

*The Behavioral Investor*, Dr. Daniel Crosby



### Trivia

What is the common phrase used to describe a period of time when investors are uncertain and hesitant to make significant investment decisions due to economic or geopolitical concerns?

[Risk Aversion](#)