



WEEK OF DECEMBER 26, 2023

Market Update

Quick Hits

1. **Report releases:** Consumer confidence continued to improve as personal incomes rose for the 22nd consecutive month.
2. **Financial market data:** Small-caps continued their recent surge.
3. **Looking ahead:** There are no major data releases scheduled for the holiday-shortened week.

Report Releases: December 18–22, 2023

National Association of Homebuilders Housing Market Index
December (Monday)

Home builder sentiment rose modestly, breaking a five-month streak of falling confidence. Despite the improvement, the index sits well below its 2023 high of 56, reached in July, indicating continued headwinds for home builders.

- Expected/prior month sentiment: 37/34
- Actual sentiment: 37



Existing Home Sales
November (Wednesday)

Existing home sales surprisingly rose after falling to a 13-year low in October. Despite the modest improvement, the pace of existing home sales was down 7.7 percent year-over-year.

- Expected/prior month existing home sales monthly change: -0.3%/-4.1%
- Actual existing home sales monthly change: +0.8%



Conference Board Consumer Confidence Index
November (Wednesday)

Consumer confidence improved more than expected, with the index reaching a five-month high. The rise was supported by improved consumer views on the present situation as well as the future.

- Expected/prior month consumer confidence: 104.5/101
- Actual consumer confidence: 110.7



Personal Income and Spending Report
November (Friday)

Personal income and spending both grew in November. This marks eight consecutive months with spending growth, fueled by 22 straight months of rising income.

- Expected/prior personal income monthly change: +0.4%/+0.3%
- Actual personal income change: +0.4%
- Expected/prior personal spending monthly change: +0.3%/+0.1%
- Actual personal spending change: +0.2%



>> The Takeaway

- Existing home sales rose more than expected in November as the recent decline in rates provided support.
- Consumer confidence continued to improve; personal incomes rose for the 22nd consecutive month.

Financial Market Data

Equity

Index	Week-to-Date	Month-to-Date	Year-to-Date	12-Month
S&P 500	0.77%	4.18%	25.85%	25.72%
Nasdaq Composite	1.22%	5.43%	44.44%	44.04%
DJIA	0.22%	4.08%	15.25%	15.05%
MSCI EAFE	0.84%	4.10%	16.88%	16.95%
MSCI Emerging Markets	−0.79%	0.65%	6.39%	6.71%
Russell 2000	2.47%	12.53%	17.25%	17.35%

Source: Bloomberg, as of December 22, 2023

The S&P 500 and Nasdaq moved higher for the eighth consecutive week. Small-caps continued to fare well; falling rate expectations provide support for companies that typically have to pay higher rates on debt. The top performing sectors were communications, energy, materials, and health care. Underperforming sectors were utilities, technology, and real estate.

Fixed Income

Index	Month-to-Date	Year-to-Date	12-Month
U.S. Broad Market	3.33%	5.02%	4.34%
U.S. Treasury	2.94%	3.63%	3.05%
U.S. Mortgages	3.83%	4.56%	3.72%
Municipal Bond	2.14%	6.21%	5.93%

Source: Bloomberg, as of December 22, 2023

The front end of the Treasury curve continued its move lower, with modest yield increases on the 30-year maturity. The 2-year fell below 4.35 percent and the 10-year fell below 3.8 percent at one point, marking its lowest level since July. The 30-year closed at 4.04 percent.

>> The Takeaway

- Small-caps continued to fare well amid potential lower short-term borrowing costs.
- The yield curve continued to steepen as the Federal Reserve (Fed) looks to maintain economic growth amid an environment of slowing inflation.

Looking Ahead

There are no major data releases scheduled for the holiday-shortened week.





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measures the performance of all issues listed in the Nasdaq Stock Market, except for rights, warrants, units, and convertible debentures. The Dow Jones Industrial Average is computed by summing the prices of the stocks of 30 large companies and then dividing that total by an adjusted value, one which has been adjusted over the years to account for the effects of stock splits on the prices of the 30 companies. Dividends are reinvested to reflect the actual performance of the underlying securities. The MSCI EAFE Index is a float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Index is a market capitalization-weighted index composed of companies representative of the market structure of 26 emerging market countries in Europe, Latin America, and the Pacific Basin. The Russell 2000® Index measures the performance of the 2,000 smallest companies in the Russell 3000® Index. The Bloomberg US Aggregate Bond Index is an unmanaged market value-weighted performance benchmark for investment-grade fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities with maturities of at least one year. The U.S. Treasury Index is based on the auctions of U.S. Treasury bills, or on the U.S. Treasury's daily yield curve. The Bloomberg US Mortgage Backed Securities (MBS) Index is an unmanaged market value-weighted index of 15- and 30-year fixed-rate securities backed by mortgage pools of the Government National Mortgage Association (GNMA), Federal National Mortgage Association (Fannie Mae), and the Federal Home Loan Mortgage Corporation (FHLMC), and balloon mortgages with fixed-rate coupons. The Bloomberg US Municipal Index includes investment-grade, tax-exempt, and fixed-rate bonds with long-term maturities (greater than 2 years) selected from issues larger than \$50 million. One basis point is equal to 1/100th of 1 percent, or 0.01 percent.

Authored by the Investment Research team at Commonwealth Financial Network®

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