

Weekly Market Commentary December 26, 2023

The Markets

If all you wanted for Christmas was two percent inflation, you're in luck!

Barring unforeseen events, it appears the United States Federal Reserve (Fed) is on the cusp of accomplishing a feat many thought impossible – reducing inflation without causing a recession.

From March 2022 to July 2023, the Fed raised the federal funds rate 5.25 percent – the most aggressive increases in decades, reported Felix Richter of Statista. There was considerable skepticism about the Fed's ability to bring inflation down to its 2 percent target, especially as prices continued to rise, with inflation peaking at 9.1 percent annualized in June of 2022.

As the nation headed into 2023, economists anticipated that rapid rate hikes would lead the U.S. into recession. They were wrong. Last week, the personal consumption expenditures (PCE) index showed prices dropping from October to November. Headline inflation was:

- -0.1 percent from October to November 2023,
- +1.9 percent over the last six months, and
- +2.6 percent over the last 12 months.

While rising rates drove inflation down, the U.S. economy continued to grow. So far this year, economic growth (after inflation) was 2.2 percent in the first quarter, 2.1 percent in the second quarter, and 4.9 percent in the third quarter of 2023. The Atlanta Federal Reserve's GDPNow forecast suggests economic growth will remain in positive territory, up 2.3 percent, in the final quarter of the year.

Falling prices lifted consumers' spirits. Consumer sentiment improved almost 14 percent from November into December, according to the University of Michigan's Consumer Sentiment Survey. "All five index components rose this month, which has only occurred in 10% of readings since 1978. Expected business conditions surged over 25% for both the short and long run. All age, income, education, geographic, and political identification groups saw gains in sentiment this month," reported Surveys of Consumers Director Joanne Hsu.

Financial markets welcomed the news. "...the S&P 500 notched an eight-week winning streak – the longest in more than five years. The Nasdaq 100 and a global gauge of equities logged equally lengthy runs – for the tech-heavy Nasdaq it was the longest since July 2021. U.S. bonds booked a fourth-straight week of gains – their best streak since March," reported Cristin Flanagan of *Bloomberg*.

Data as of 12/22/23	1-Week	YTD	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 Index	0.8%	23.8%	24.4%	8.8%	15.1%	10.0%

Dow Jones Global ex-U.S. Index	0.5	10.9	10.7	-0.7	4.5	1.6
10-year Treasury Note (yield only)	3.9	N/A	3.7	0.9	2.8	2.9
Gold (per ounce)	1.2	13.4	14.2	3.1	10.3	5.5
Bloomberg Commodity Index	0.5	-11.9	-10.7	9.1	5.2	-2.5

S&P 500, Dow Jones Global ex-US, Gold, Bloomberg Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods. Sources: Yahoo! Finance; MarketWatch; djindexes.com; U.S. Treasury; London Bullion Market Association.

Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

BORN IN THE USA: NOTABLE INVENTIONS FROM 2023. From Ben Franklin’s bifocals to Maria Beasley’s barrel-making machines and life raft to Jamie Siminoff’s video doorbell, the United States has been a leader in invention and innovation for a long time. As we head into the end of year, here are a few of the top inventions and innovations for 2023.

Carbon removal and electrolysis plants. *Popular Science (PopSci)* awarded the grand prize in its Engineering category to a U.S. company that has developed a system for capturing carbon dioxide “directly from the ocean, and simultaneously [producing] green hydrogen that can be sold or used to help trap even more emissions.” It has pilot plants operating in Los Angeles and Singapore.

Inflatable stand-up paddle boards. In the Sports and Outdoor category, an inflatable paddle board “that’s up to three times more rigid than other inflatables and considerably lighter weight and less bulky than traditional hard boards” got the *PopSci* stamp of recognition. The board maker indicated the military may use its patented composite material in unmanned spacecraft and submersibles.

An accessible modular gaming controller. Videogaming is a popular pastime enjoyed by almost a third of people in the world. Now, a customizable controller will open the opportunity to more people with physical challenges. The controller, which was recognized by *Time Magazine* and *PopSci*, “can interface with many popular third-party accessibility devices via four built-in 3.5mm aux ports. Out of the box, the controllers are arranged like daisies; the buttons are like petals, and the players can arrange them however they like.”

Artificial Intelligence (AI) wildfire detectors. Wildfires have become a serious threat in many countries. Pranav Dixit of *Time* reported that the University of California, San Diego, has been developing a program that trains AI to detect smoke and recognize signs of a possible fire using a network of cameras in forests throughout California. “When the system spots something, it alerts the local fire department via text message. In the first two months, the system had correctly identified 77 fires before any 911 calls came in.”

Academic research suggests that invention and innovation affect economic growth and the profitability of innovative companies. “...spikes in patent quality successfully predicted watershed inventions as well as individual firm profits, suggesting that innovation might indeed be key to understanding the last two centuries of economic growth,” wrote Bryan Kelly, Dimitris Papanikolaou, Amit Seru, and Matt Taddy in Northwestern University’s *KelloggInsight*

Weekly Focus – Think About It

“Anyone can become an inventor as long as they keep an open and inquiring mind and never overlook the possible significance of an accident or apparent failure.”

—Patsy O’Connell Sherman, chemist

Best Regards,

Victor



Victor S. Levy, J.D., LL.M., CLU, CFP®

1818 Market St | Suite 3232 | Philadelphia, PA 19103

Main: 215-875-8720 | Fax: 267-875-8756

vlevy@levywealth.com

www.levywealth.com

[Click here to send me a secure file](#)

CA Insurance Lic# 0E70025

Levy Wealth Management Insurance Lic# 0N00344

Leon Levy & Associates Lic# 0G83967

Securities offered through LPL Financial, Member of FINRA/SIPC. Investment Advice offered through Levy Wealth Management Group, a registered investment advisor and separate entity from LPL Financial.

The information contained in this email message is being transmitted to and is intended for the use of only the individual(s) to whom it is addressed. If the reader of this message is not the intended recipient, you are hereby advised that any dissemination, distribution or copying of this message is strictly prohibited. If you have received this message in error, please immediately delete.

P.S. Please feel free to forward this commentary to family, friends, or colleagues. If you would like us to add them to the list, please reply to this email with their email address and we will ask for their permission to be added.

* These views are those of Carson Coaching, not the presenting Representative, the Representative’s Broker/Dealer, or Registered Investment Advisor, and should not be construed as investment advice.

* This newsletter was prepared by Carson Coaching. Carson Coaching is not affiliated with the named firm or broker/dealer.

* Government bonds and Treasury Bills are guaranteed by the U.S. government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value. However, the value of fund shares is not guaranteed and will fluctuate.

* Corporate bonds are considered higher risk than government bonds but normally offer a higher yield and are subject to market, interest rate and credit risk as well as additional risks based on the quality of issuer coupon rate, price, yield, maturity, and redemption features.

* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. You cannot invest directly in this index.

* All indexes referenced are unmanaged. The volatility of indexes could be materially different from that of a client’s portfolio. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. You cannot invest directly in an index.

* The Dow Jones Global ex-U.S. Index covers approximately 95% of the market capitalization of the 45 developed and emerging countries included in the Index.

* The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.

* Gold represents the 3:00 p.m. (London time) gold price as reported by the London Bullion Market Association and is expressed in U.S. Dollars per fine troy ounce. The source for gold data is Federal Reserve Bank of St. Louis (FRED), <https://fred.stlouisfed.org/series/GOLDPMGBD228NLBM>.

* The Bloomberg Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.

* The DJ Equity All REIT Total Return Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.

* The Dow Jones Industrial Average (DJIA), commonly known as “The Dow,” is an index representing 30 stock of companies maintained and reviewed by the editors of The Wall Street Journal.

* The NASDAQ Composite is an unmanaged index of securities traded on the NASDAQ system.

* International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets.

* Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.

* The risk of loss in trading commodities and futures can be substantial. You should therefore carefully consider whether such trading is suitable for you in light of your financial condition. The high degree of leverage is often obtainable in commodity trading and can work against you as well as for you. The use of leverage can lead to large losses as well as gains.

* Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance.

* Economic forecasts set forth may not develop as predicted and there can be no guarantee that strategies promoted will be successful.

* Past performance does not guarantee future results. Investing involves risk, including loss of principal.

* The foregoing information has been obtained from sources considered to be reliable, but we do not guarantee it is accurate or complete.

* There is no guarantee a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.

* Asset allocation does not ensure a profit or protect against a loss.

* Consult your financial professional before making any investment decision.

* To unsubscribe please reply to this email with “Unsubscribe” in the subject line.

Sources:

<https://www.statista.com/chart/28437/interest-rate-hikes-in-past-tightening-cycles/>

<https://www.bls.gov/opub/ted/2022/consumer-prices-up-9-1-percent-over-the-year-ended-june-2022-largest-increase-in-40-years.htm>

<https://www.bankrate.com/banking/federal-reserve/economic-indicator-survey-recession-risks-january-2023/#>

<https://www.bea.gov/news/2023/personal-income-and-outlays-november-2023>

<https://www.bloomberg.com/news/articles/2023-12-22/us-core-pce-prices-rose-last-month-by-less-than-forecast?embedded-checkout=true> (or go to https://resources.carsongroup.com/hubfs/WMC-Source/2023/12-26-23_Bloomberg_Feds%20Preferred%20Inflation%20Gauges%20Cool_5.pdf)

https://www.bea.gov/sites/default/files/2023-12/gdp3q23_3rd.pdf [Table 1]

<https://www.atlantafed.org/-/media/documents/cqer/researchcq/gdpnow/RealGDPTackingSlides.pdf>

<http://www.sca.isr.umich.edu>

<https://www.bloomberg.com/news/articles/2023-12-21/stock-market-today-dow-s-p-live-updates?srnd=markets-vp> (or go to https://resources.carsongroup.com/hubfs/WMC-Source/2023/12-26-23_Bloomberg_US%20Stock%20Gauges%20Log%20Longest%20Weekly%20Run%20in%20Years_9.pdf)

<https://www.loc.gov/exhibits/franklin/franklin-scientist.html>

https://en.wikipedia.org/wiki/Maria_E._Beasley

<https://abc.com/shows/shark-tank/cast/jamie-siminoff>

<https://www.popsci.com/technology/best-of-whats-new-2023/#engineering>

<https://www.popsci.com/technology/best-of-whats-new-2023/#sports-outdoor>

<https://time.com/collection/best-inventions-2023/6323120/sony-access-controller/>

<https://www.popsci.com/technology/best-of-whats-new-2023/#entertainment>

<https://time.com/collection/best-inventions-2023/6327137/alertcalifornia-ai-wildfire-detector/>

<https://insight.kellogg.northwestern.edu/article/measuring-innovation-quotes-productivity>

<https://geekgals.co/2018/08/27/inspirational-quotes-female-inventors/>

