

In this week's recap: Despite Omicron concerns, stocks end year mostly positive, with strong holiday sales figures.

Weekly Economic Update

Presented by Keystone Financial Group, January 3, 2022

THE WEEK ON WALL STREET

Stocks closed out the year on a mostly positive note, adding to the year's gains as concerns about the economic issues of Omicron infections receded.

The Dow Jones Industrial Average rose 1.08%, while the Standard & Poor's 500 picked up 0.85%. The Nasdaq Composite index was flat (-0.05%) for the week. The MSCI EAFE index, which tracks developed overseas stock markets, posted an increase of 0.80%.^{1,2,3}

STOCKS NOTCH RECORD HIGHS

The end of the year is historically a strong period for stocks—a seasonal pattern dubbed “The Santa Claus Rally.” This year's final week of trading did not disappoint as stocks posted healthy gains to kick off the week, despite a global increase in Omicron infections. Investors were buoyed by data that showed fewer associated hospitalizations, which helped ease fears of the variant's economic impact.

The S&P 500 set multiple fresh record highs, with Wednesday's new high representing the 70th such high in 2021, while the Dow Industrials recorded its first new record since November. Stocks drifted on low trading volume in the final two trading days of the year, capping a good week, a solid month, and a strong year for investors.⁴

ROBUST HOLIDAY SALES

The market got off to a good start last week in part due to a strong holiday sales report. A major credit card issuer reported that consumer holiday spending rose 8.5% from last year's levels, driven by an 11.0% gain in online sales. It was the biggest annual increase in 17 years. The spending by consumers exceeded pre-pandemic sales by 10.7%. The retail categories that experienced the highest sales increases were apparel (+47.3%) and jewelry (+32.0%).⁵

It was a particularly robust number in view of investor concerns about supply chain disruptions, port congestion, labor shortages, and wavering consumer confidence.

TIP OF THE WEEK



Sell old stuff to fund a new experience. Sell what you don't need online or at a yard sale when the weather warms up and use the proceeds to partly or fully fund a vacation, an education, or an adventure.

THE WEEK AHEAD: KEY ECONOMIC DATA

Tuesday: JOLTS (Job Openings and Turnover Survey). Institute for Supply Management (ISM) Manufacturing Purchasing Managers' Index (PMI).

Thursday: Jobless Claims. Factory Orders. Institute for Supply Management (ISM) Non-Manufacturing Purchasing Managers' Index (PMI).

Friday: Employment Situation.

Source: Econoday, December 31, 2021

The Econoday economic calendar lists upcoming U.S. economic data releases (including key economic indicators), Federal Reserve policy meetings, and speaking engagements of Federal Reserve officials. The content is developed from sources believed to be providing accurate information. The forecasts or forward-looking statements are based on assumptions and may not materialize. The forecasts also are subject to revision.

THE WEEK AHEAD: COMPANIES REPORTING EARNINGS

Thursday: Constellation Brands, Inc. (STZ), Walgreens Boots Alliance, Inc. (WBA), Conagra Brands (CAG).

Source: Zacks, December 31, 2021

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QUOTE OF THE WEEK



"It is not the position, but the disposition."

SUSAN SONTAG

Market Index	Close	Week	Y-T-D
DJIA	36,338.30	+1.08%	+18.73%
NASDAQ	15644.97	-0.05%	+21.39%
MSCI-EAFE	2,334.61	+0.80%	+8.71%
S&P 500	4,766.18	+0.85%	+26.89%



	Treasury	Close	Week	Y-T-D
	10-Year Note	1.52%	+0.11%	+0.59%

Sources: The Wall Street Journal, December 31, 2021; Treasury.gov, December 31, 2021
 Weekly performance for the Dow Jones Industrial Average, Standard & Poor's 500 Index, and NASDAQ Composite Index is measured from the close of trading on Thursday, December 23, to Friday, December 31, close. Weekly performance for the MSCI-EAFE is measured from Friday, December 24, open to Thursday, December 30, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

THE WEEKLY RIDDLE



*I was framed, yet the man who framed me committed no crime.
 How is this possible?*

LAST EDITION'S RIDDLE: Tim hands a friend \$63 using six bills, none of which are dollar bills. How is he able to do this?

ANSWER: One \$50 bill, one \$5 bill, and four \$2 bills.

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CITATIONS:

1. The Wall Street Journal, December 31, 2021
2. The Wall Street Journal, December 31, 2021
3. The Wall Street Journal, December 31, 2021
4. CNBC, December 29, 2021
5. CNBC, December 27, 2021