CENTURY
Private Banking

FINANCIAL MARKET UPDATE
12/30/22

THE WEEK IN REVIEW

The fabled Santa Claus rally proved elusive for U.S. stock markets in the final trading week of the year, as the S&P 500 fell 0.1% for its fourth consecutive weekly loss. Higher Treasury yields and concerns about the potential for new strains of COVID-19 spawned by the current Chinese outbreak weighed on market sentiment. For the full year, the S&P 500 posted a total return of -18.1%, weighed down by steep losses in the communication services (-39.9%), consumer discretionary (-37.0%), and technology (-28.2%) sectors. The S&P 500 energy sector (+65.4%) was by far the benchmark's best performing major group, boosted by elevated crude oil prices over the past two years. Utilities (+1.6%) and consumer staples (-0.6%) were a distant second place and third place, respectively. In 2022, the blue chip Dow Jones Industrial Average (-6.9%) held up much better than the S&P 500 (-18.1%), while the technology-dominant Nasdaq (-32.5%) fared considerably worse.

U.S. Treasury yields pushed higher across the term structure this week as bond investors recalibrated their expectations for the Federal Reserve's policy rate path. Yields on the 10-year note climbed 13 basis points to 3.87%, the highest weekly close since early November. The policy-sensitive 2-year note yield ended the week at 4.43%, the highest level at the end of a calendar year since 2006. West Texas Intermediate (WTI) crude oil ended the week relatively unchanged, near $80.50 per barrel, close to where it began the year after peaking near $122 per barrel on June 8.

A sparse week of economic data was headlined by October data for the S&P CoreLogic Case-Shiller 20-city index, which showed that home prices in the U.S. fell 0.5% last month. This followed monthly declines of 1.4%, 1.2%, and 0.7% in the previous three months. On a year-over-year basis, the index decelerated to a rate of 8.64% in October, down sharply from an all-time high of 21.30% in the 12-month period spanning May 2021 through April 2022.

Next week, investors and policymakers will get a fresh set of labor market data. The Bureau of Labor Statistics' Job Openings and Labor Turnover Survey is expected to show total job openings in the U.S. fell slightly to 10.00 million in November from 10.34 million the prior month. The U.S. Labor Department will release nonfarm payrolls data for December next Friday. The report is expected to show the unemployment rate held steady at 3.7% and domestic employers added 200,000 workers to payrolls during the month, following a revised gain of 263,000 in November. Year-over-year average hourly wages are forecast to be 5.0%, which would be a slight deceleration from the 5.1% reading a month ago.

ECONOMIC INDICATOR	LATEST	3MO PRIOR	CHANGE
S&P CoreLogic Case-Shiller U.S. HPI (Y/Y)	8.6%	16.0%	▼
Initial Jobless Claims (Thousands)	225	190	▲
Continuing Jobless Claims (Thousands)	1,710	1,346	▲

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	33147.25	-0.17%	-8.78%	-8.78%
NASDAQ	10466.48	-0.30%	-33.10%	-33.10%
S&P 500	3839.50	-0.14%	-19.44%	-19.44%
MSCI EAFE	1955.48	0.61%	-16.29%	-16.29%
Bloomberg Aggregate US	2053.54	-0.42%	-12.81%	-12.81%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	4.34%	4.32%	0.03%
10-Year Treasury	3.87%	3.61%	1.51%

REPORTS DUE NEXT WEEK	LATEST
ISM Manufacturing PMI	49.0
ISM Services PMI	56.5
JOLTS Job Openings (Millions)	10.33
Non-Farm Payrolls (Thousands)	263
Unemployment Rate	3.7%

Price returns as of the last available closing data. Source data: Bloomberg and Morningstar are believed to be correct but not verified.