

Weekly Update – December 12, 2022

Market Returns Ending 12/9/2022			
Category	1 Week	MTD	YTD
US			
Large Cap	-3.3%	-3.5%	-16.2%
Mid Cap Growth	-4.2%	-3.6%	-24.9%
Mid Cap Value	-3.7%	-3.7%	-10.8%
Small Cap	-5.1%	-4.7%	-19.0%
International			
Developed	-0.2%	1.8%	-12.4%
Emerging	0.5%	0.7%	-18.2%
Bonds			
Aggregate	-0.4%	0.9%	-11.8%
Treasuries	-0.4%	0.8%	-11.3%
High Yield	-0.2%	0.7%	-10.0%

US Equity Style Returns			
	Weekly		
	Value	Core	Growth
Large	-3.3	-3.5	-3.6
Mid	-3.7	-3.9	-4.2
Small	-4.7	-5.1	-5.4
	YTD		
	Value	Core	Growth
Large	-7.0	-17.2	-26.1
Mid	-10.8	-15.8	-24.9
Small	-12.7	-19.0	-25.2

Source: Bloomberg

Key Events: Inflation and Covid – the unwelcome holiday guests that just won’t leave.

November producer price inflation came in slightly above expectations, worrying economists and the market. An Increase in China’s COVID cases beyond last summer’s spike also fomented broader pandemic worries, as the increases are echoed in other geographies such as Florida and New York.

On the geopolitical front, WNBA player Brittney Griner was freed in a prisoner exchange. Despite dissatisfaction over the administrations inability to also bring home Paul Whelan, the unjust imprisonment of foreign citizens serves to highlight Russian weakness. This is particularly relevant to the trajectory of the Ukrainian war as Ukraine has recently launched strikes against Russian targets in Ukraine as well as inside Russia - operations backed by significant US support. The fact that the price of Brent Crude Oil recently dropped below the price on the day of Russia’s invasion, highlighted in the chart below, is one indication of a momentum shift away from Russia as the US and its allies ramp up pressure on Russia.

Market Review: Markets shift to the downside

The S&P 500 worked its way lower most of the week, finishing down 3.5%, near the lows of the week. International stocks lost less, and emerging markets showed slight gains on the week.

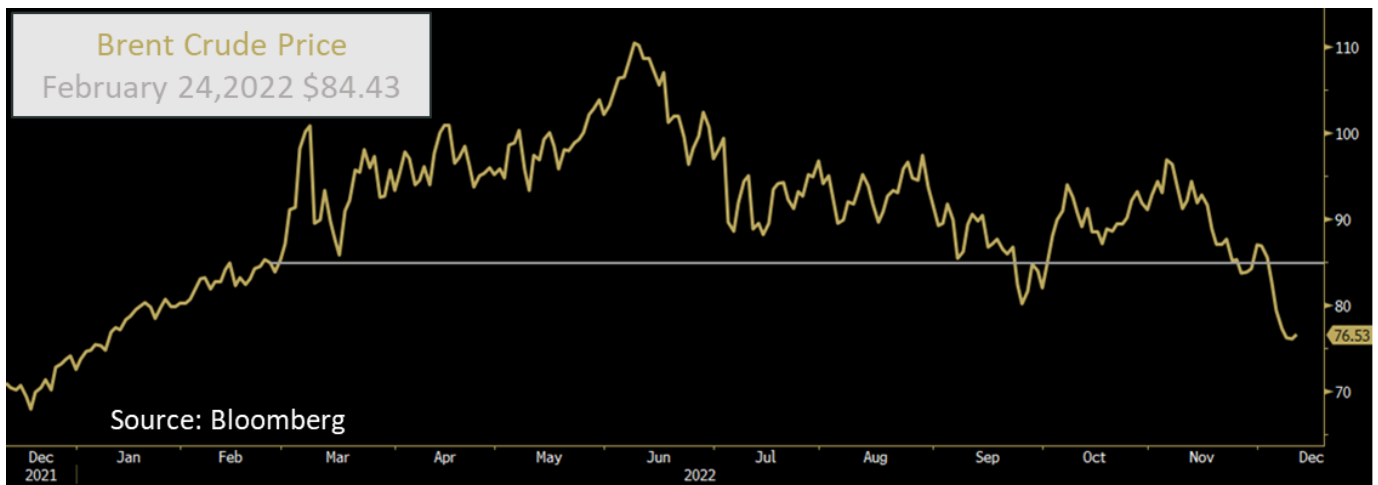
Bonds sold off modestly as fears that the recent optimism over the future of rate hikes might have been misplaced; the broad bond market

lost 0.4% for the week.

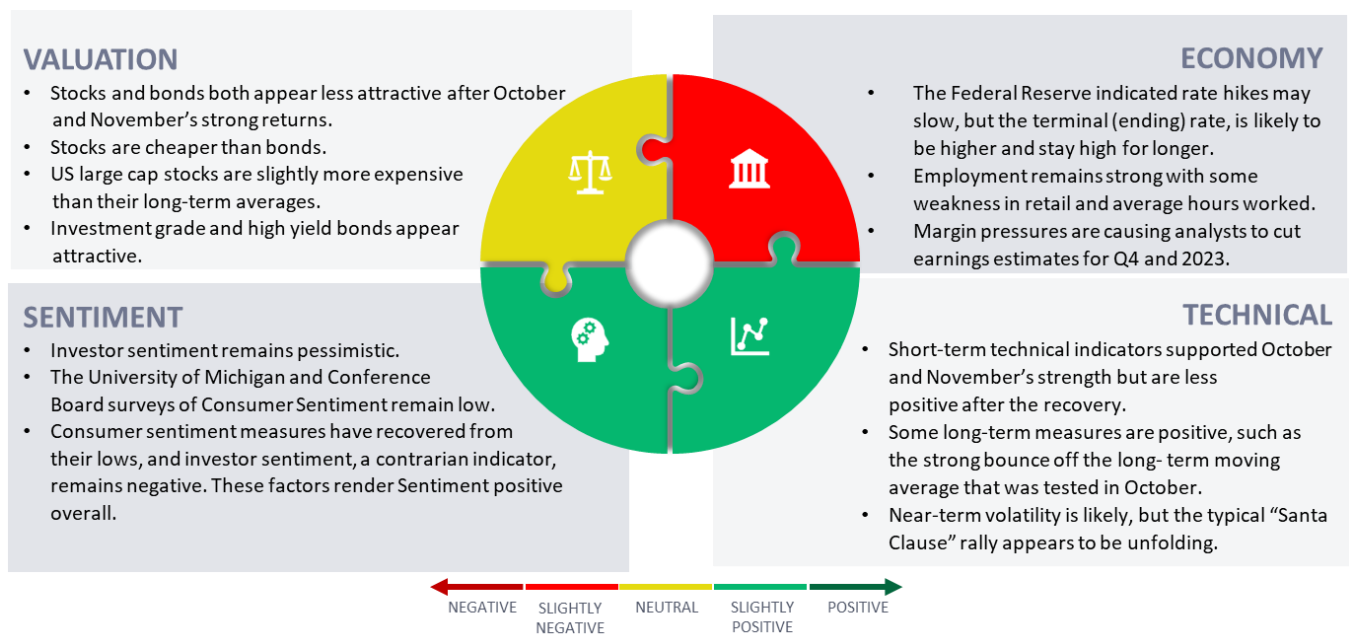
Outlook: Inflation data and the Fed

This week will provide plenty of economic news to drive markets up or down. Tuesday marks the release of the Consumer Price Index for November; any deviation from market expectations of a 6.1% Year-over-year increase in core (ex-food and energy) prices would likely lead to volatility. On Wednesday the Fed will release its rate decision as well as a summary of economic projections. The combination of data and Fed announcement will illuminate the trajectory of Fed policy, the economic outlook and, by extension, potential paths for the market to travel.





Navigator Outlook: December 2022



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