

Economic Calendar

Monday, January 2

New Year's Day holiday, All Markets Closed.

Tuesday, January 3

S&P U.S. Manufacturing PMI, Construction Spending.

Wednesday, January 4

Mortgage Activity, ISM Manufacturing Index, JOLTS Job Openings, Vehicle Sales, FOMC Minutes.

Thursday, January 5

ADP Private Sector Jobs, Jobless Claims, U.S. Trade Deficit, S&P U.S. Services PMI.

Friday, January 6

Nonfarm Payrolls, Unemployment Rate, ISM Services Index, Factory Orders.

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[Jobless Claims Rise](#)

[Mortgage Activity Shows Mixed Results](#)

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WEEKLY RECAP

December 26-30, 2022 Recap

S&P 500 Declines Fourth Week

Recession Fears Still Abound

U.S. stocks ended narrowly lower in light trading volume the final trading week of 2022, with the S&P 500, Dow Industrials and Nasdaq Composite finishing off a down month and year. Investor sentiment continued to be hampered by worries over the higher-for-longer outlook for interest rates and the increased likelihood for a 2023 recession.

For the Week...

The S&P 500 slipped 0.11%, the Dow Jones Industrial Average fell 0.17% and the tech-heavy Nasdaq Composite lost 0.28%. Large cap value stocks outperformed, gaining 0.17% versus a 0.33% weekly loss in large growth stocks.

Chicago Regional Business Activity Improves

The Chicago-area PMI business barometer index increased by 7.7 points to 44.9 in December. The increase is notable, breaking a three-month streak of declines. Even so, with its reading still below 50, the December report signified contraction for a fourth straight month. The key New Orders component jumped by 13.4 points to 44.1, the highest since August.

Financials Outperform in Final Week

Only two of the 11 major S&P 500 sector groups posted gains during the last week of year, including Financials (+0.76%) and Energy (+0.60%). Materials (-1.08%) and Consumer Staples (-0.83%) fell the most, while Communication Services (-0.08%) fell the least. Energy (+65.72%) was the best performing sector for 2022.

Treasury Yields Climb

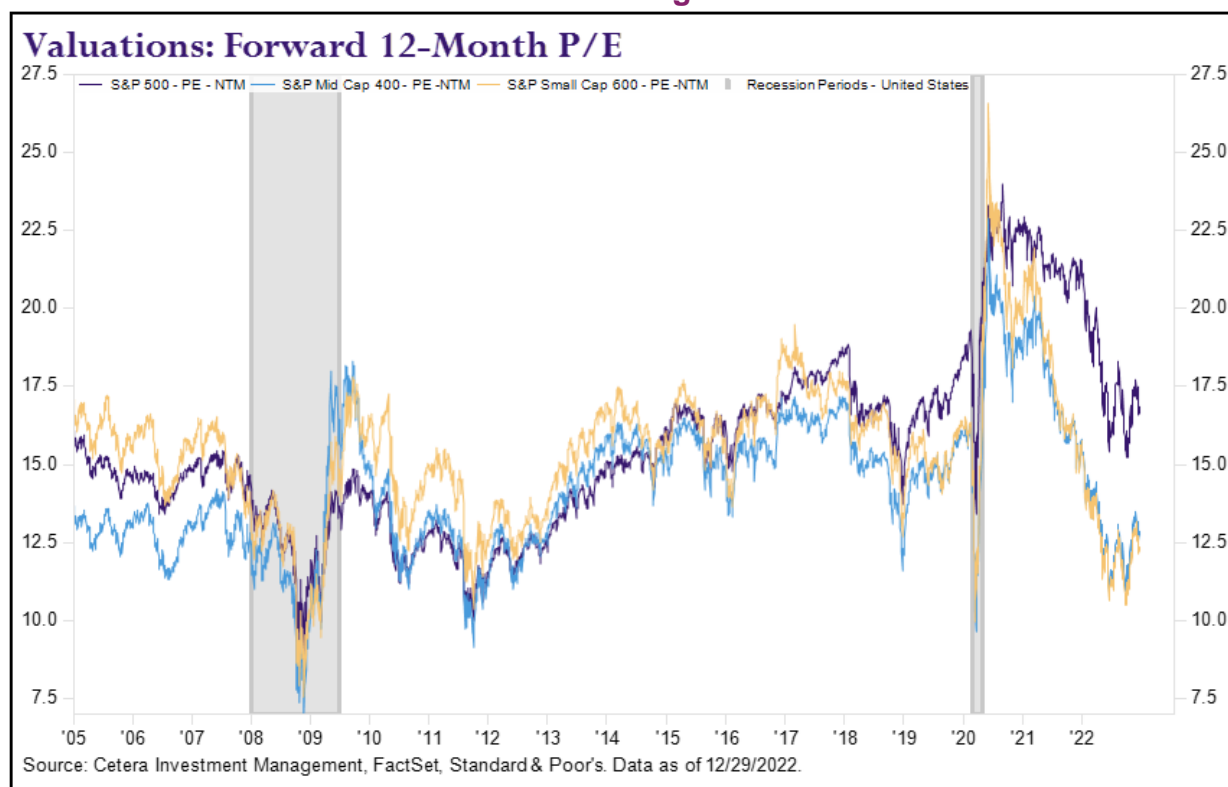
The yield on 10-year U.S. Treasury notes advanced over 0.13% to end the final week of 2022 at 3.878%. The yield on Fed policy-sensitive 2-year Treasury notes ended the year at 4.430%. U.S. WTI crude oil futures climbed 0.88% to end Friday at \$80.26/barrel, up \$0.70 for the week.

Market Watch

Stocks	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Dow Jones Industrial Avg.	-0.17	-4.17	15.39	-8.78	-8.94	5.21
S&P 500	-0.11	-5.76	7.56	-18.11	-18.33	7.77
NASDAQ Composite	-0.28	-8.67	-0.79	-32.54	-32.97	6.21
Russell 3000	-0.06	-5.86	7.18	-19.21	-19.44	7.17
Russell 2000	0.08	-6.49	6.23	-20.44	-20.57	3.19
MSCI EAFE	0.06	0.08	17.34	-14.45	-14.41	0.88
MSCI Emerging Markets	0.30	-1.41	9.70	-20.09	-19.50	-2.80
Bonds	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg US Agg Bonds	-0.65	-0.45	1.87	-13.01	-12.89	-2.74
Bloomberg Municipal Bonds	-0.26	0.29	4.10	-8.53	-8.54	-0.77
Bloomberg US Corp High Yield	-0.93	-0.62	4.17	-11.19	-11.20	0.05
Commodities	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg Commodity	0.31	-2.45	2.22	16.09	15.80	12.42
S&P GSCI Crude Oil	0.88	-0.36	0.97	6.71	4.25	9.17
S&P GSCI Gold	1.22	3.77	9.22	-0.13	0.67	6.34

Source: Morningstar

Chart of the Week: Stock Valuations No Longer Stretched



We entered 2022 with stretched equity valuations. It took a bear market, but we begin 2023 with more reasonable valuations, particularly for mid and small cap stocks. Valuations are the starting point for long-term return potential. Lower valuations can provide higher long-term return potential, while higher valuations may provide lower long-term return potential.

This report is created by Cetera Investment Management LLC. For more insights and information from the team, follow [@CeteraIM](https://twitter.com/CeteraIM) on Twitter.

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Glossary

The **Dow Jones Industrial Average** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ.

The **S&P 500** is an index of 500 stocks chosen for market size, liquidity and industry grouping (among other factors) designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe.

The **NASDAQ Composite Index** includes all domestic and international based common type stocks listed on The NASDAQ Stock Market. The NASDAQ Composite Index is a broad based index

The **Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity universe and is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

The **Russell 3000 Index** measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market.

The **Russell Midcap Index** measures the performance of the mid-cap segment of the U.S. equity universe and is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership.

The **Bloomberg US Aggregate Bond Index**, which was originally called the Lehman Aggregate Bond Index, is a broad based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate debt securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency) debt securities that are rated at least Baa3 by Moody's and BBB- by S&P. Taxable municipals, including Build America bonds and a small amount of foreign bonds traded in U.S. markets are also included. Eligible bonds must have at least one year until final maturity, but in practice the index holdings have a fluctuating average life of around 8.25 years.

The **Bloomberg US Corporate High Yield Index** measures the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below, excluding emerging market debt. Payment-in-kind and bonds with predetermined step-up coupon provisions are also included. Eligible securities must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 6.3 years.

The **Bloomberg US Municipal Bond Index** covers the USD-denominated long-term tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and prerefunded bonds. Eligible securities must be rated investment grade (Baa3/BBB- or higher) by Moody's and S&P and have at least one year until final maturity.

The **MSCI EAFE Index** is designed to measure the equity market performance of developed markets (Europe, Australasia, Far East) excluding the U.S. and Canada. The Index is market-capitalization weighted.

The **MSCI Emerging Markets Index** is designed to measure equity market performance in global emerging markets. It is a float-adjusted market capitalization index.

The **Bloomberg Commodity Index** is a broadly diversified index that measures 22 exchange-traded futures on physical commodities in five groups (energy, agriculture, industrial metals, precious metals, and livestock), which are weighted to account for economic significance and market liquidity. No single commodity can comprise less than 2% or more than 15% of the index; and no group can represent more than 33% of the index.

The **S&P GSCI Crude Oil Index** is a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark for investment performance in the crude oil market.

The **S&P GSCI Gold Index**, a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark tracking the COMEX gold futures market.

The **U.S. Dollar Index** is a weighted geometric mean that provides a value measure of the United States dollar relative to a basket of major foreign currencies. The index, often carrying a USDX or DXY moniker, started in March 1973, beginning with a value of the U.S. Dollar Index at 100.000.