



Basis Points – 12.28.23

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Stocks Gained for Eighth Straight Week

Stocks notched their eighth straight week of gains heading into the holiday-shortened week. While trading was generally light, investors remained bullish toward stocks as traders clung to the hope that the economy has survived the restrictive inflation-reducing policy of the Federal Reserve. The S&P 500 enjoyed its longest weekly winning streak since late 2017, while the Nasdaq and the Dow marked the streaks since early 2019. With one week to go in 2023, the S&P 500 is within 1.0% of reaching its all-time high, achieved in January 2022. The Russell 2000, which was below its 2022 closing value in August, now is more than 15.0% above that level.

Inflation Data Continues to Decline

Recent data continues to evidence declining inflation. The November personal consumption expenditures price index declined 0.1% last month after being flat in October. Core prices, excluding food and energy, inched up 0.1% in November following a 0.2% increase the previous month. More importantly, the overall price index and core prices declined over the 12 months ended in November. The PCE price index fell 0.4 percentage point to 2.6%, while core prices dipped 0.3 percentage point to 3.2%.

Eye on the Week Ahead

Christmas week is a slow one for the release of economic news. The advance report on international trade in goods for November is out toward the end of the week. The trade in goods deficit was \$89.6 billion in October, largely due to a 1.4% decrease in exports.

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