

## Weekly Economic Update for 12/11/2023

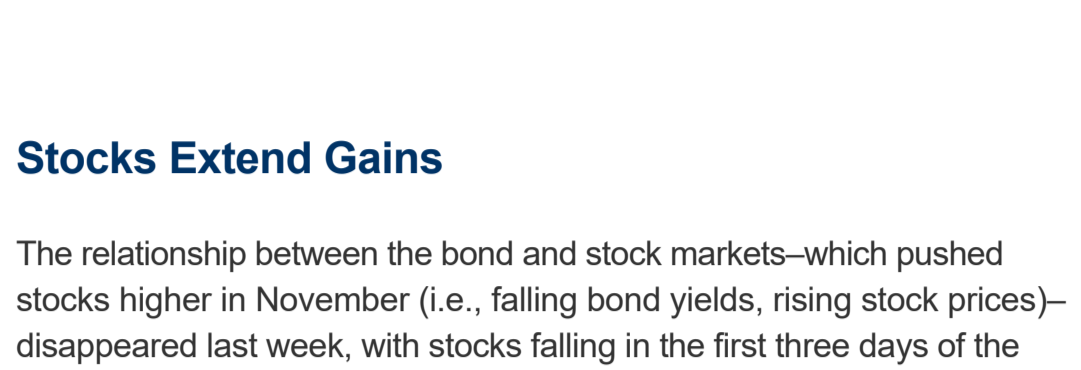
### THE WEEK ON WALL STREET

A late-week, two-day rally left stocks higher, adding to November's gains as the last month of trading for 2023 began.

The Dow Jones Industrial Average was flat (+0.01%), while the Standard & Poor's 500 gained 0.21%. The Nasdaq Composite index advanced 0.69% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, was up 0.37%.<sup>1,2,3</sup>



Market Index	Close	Week	Y-T-D
DJIA	36,247.87	+0.01%	+9.35%
NASDAQ	14,403.97	+0.69%	+37.62%
MSCI-EAFE	2,138.29	+0.37%	+10.00%
S&P 500	4,604.37	+0.21%	+19.92%



Treasury	Close	Week	Y-T-D
10-Year Note	4.23%	+0.01%	+0.35%

Sources: The Wall Street Journal, December 8, 2023; Treasury.gov, December 8, 2023

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 Friday, December 1, to Friday, December 8 close. Weekly performance for the MSCI-EAFE is measured from Friday, December 1 open to Thursday, December 7 close. Weekly and year-to-date 10-year Treasury note yields are expressed in basis points.

### Stocks Extend Gains

The relationship between the bond and stock markets—which pushed stocks higher in November (i.e., falling bond yields, rising stock prices)—disappeared last week, with stocks falling in the first three days of the week despite declining yields. Yields dropped following a weak job openings report, the ADP employment update, and a substantial productivity revision.

On Thursday, investor enthusiasm returned with force on Artificial Intelligence (AI) related news. One AI chip manufacturer announced a new AI chip, followed by a mega-cap tech company unveiling an enhanced version of its AI model for business use. Stocks continued their climb on Friday despite rising yields, as investors viewed a stronger-than-expected employment report as increasing the potential for a soft landing.

### Productivity Surges

Higher productivity may be the most effective and preferred way to reduce inflation. Last week's revised third-quarter productivity report saw an upward revision of the annualized productivity growth from the initial report of 4.7% to 5.2%; this was welcome news on the inflation front and an encouraging development for future corporate profits.<sup>4</sup>

The 5.2% jump in productivity represented the fastest pace since the third quarter of 2020. The report also showed unit labor costs falling at a 1.2% annualized pace, reflecting a cooling of wage-growth inflationary pressures. Productivity has increased for two straight quarters, potentially allowing the Fed to ease its restrictive monetary policy.<sup>5</sup>

### This Week: Key Economic Data

**Tuesday:** Consumer Price Index (CPI).  
**Wednesday:** Producer Price Index (PPI). FOMC Announcement.  
**Thursday:** Retail Sales. Jobless Claims.

**Friday:** Industrial Production. Purchasing Managers' Index (PMI) Composite Flash.

Source: Econoday, December 8, 2023

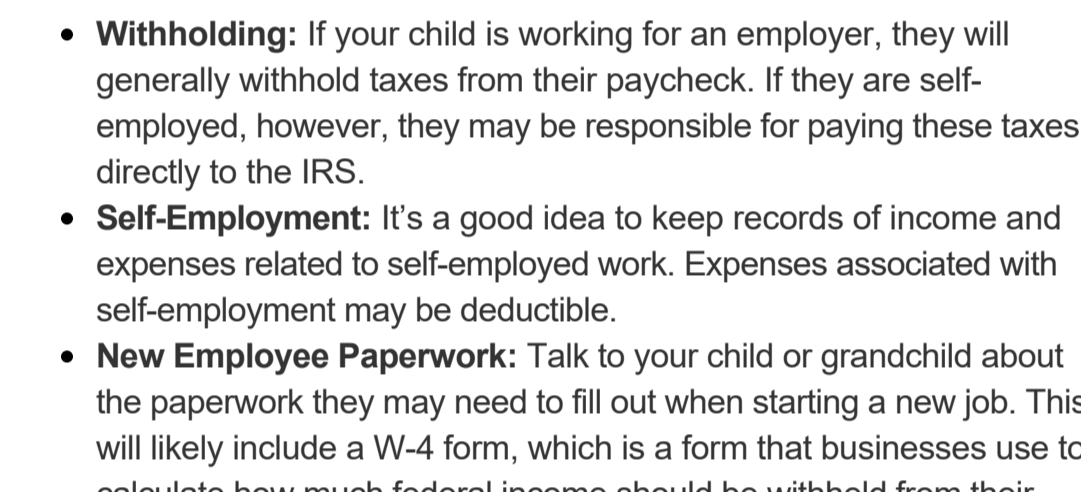
The Econoday economic calendar lists upcoming U.S. economic data releases (including key economic indicators), Federal Reserve policy meetings, and speaking engagements of Federal Reserve officials. The content is developed from sources believed to be providing accurate information. The forecasts or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

### This Week: Companies Reporting Earnings

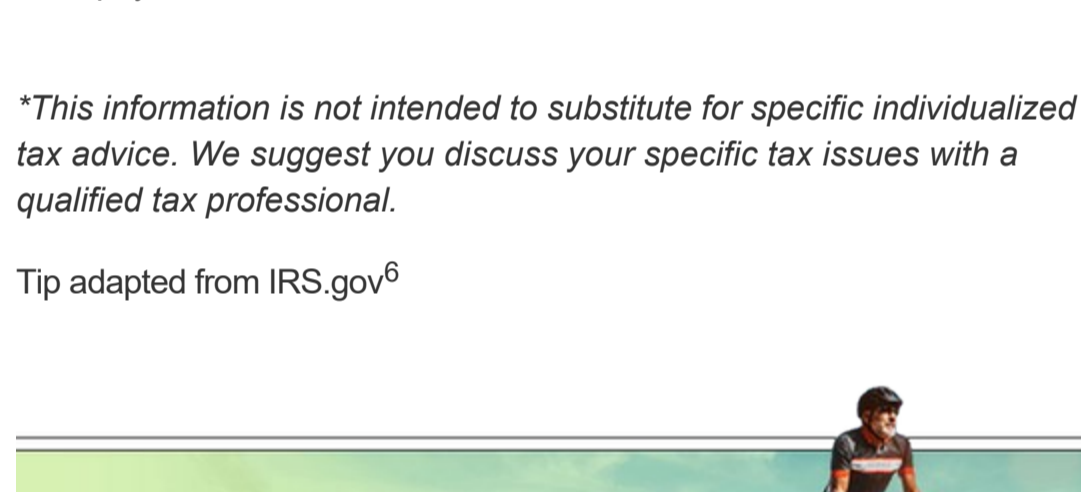
**Wednesday:** Adobe, Inc. (ADBE)  
**Thursday:** Costco Wholesale Corporation (COST)  
**Friday:** Lennar Corporation (LEN)

Source: Zacks, December 8, 2023

Companies mentioned are for informational purposes only. It should not be considered a solicitation for the purchase or sale of the securities. Investing involves risks, and investment decisions should be based on your own goals, time horizon, and tolerance for risk. The return and principal value of investments will fluctuate as market conditions change. When sold, investments may be worth more or less than their original cost. Companies may reschedule when they report earnings without notice.



*"The whole fun of living is trying to make something better"*  
**– Charles Kettering**



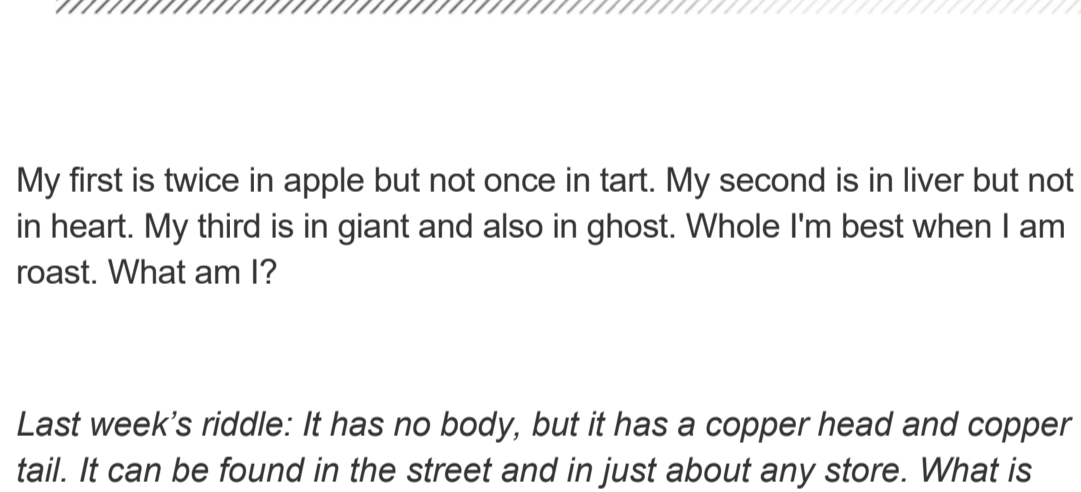
### Tax Tips for Children or Grandchildren with Part-Time Job

Many of us have kids or grandkids who work part-time. Whether they're bussing tables, working in a shop, or other jobs, these tips may help them (and you) understand the tax implications of part-time jobs:

- **Withholding:** If your child is working for an employer, they will generally withhold taxes from their paycheck. If they are self-employed, however, they may be responsible for paying these taxes directly to the IRS.
- **Self-Employment:** It's a good idea to keep records of income and expenses related to self-employed work. Expenses associated with self-employment may be deductible.
- **New Employee Paperwork:** Talk to your child or grandchild about the paperwork they may need to fill out when starting a new job. This will likely include a W-4 form, which is a form that businesses use to calculate how much federal income should be withheld from their paycheck.
- **Tip Income:** All tip income is taxable, and if they make more than \$20 in cash tips a month, they must report it to their employer. In addition, they must report all yearly tips on their tax returns.
- **Payroll Taxes:** Even if your kids or grandkids earn too little to owe income tax, they may still have to either pay Social Security and Medicare taxes themselves or have them withheld from their paycheck.

*\*This information is not intended to substitute for specific individualized tax advice. We suggest you discuss your specific tax issues with a qualified tax professional.*

Tip adapted from IRS.gov<sup>6</sup>



### How to Take a Vacation Without Leaving Home

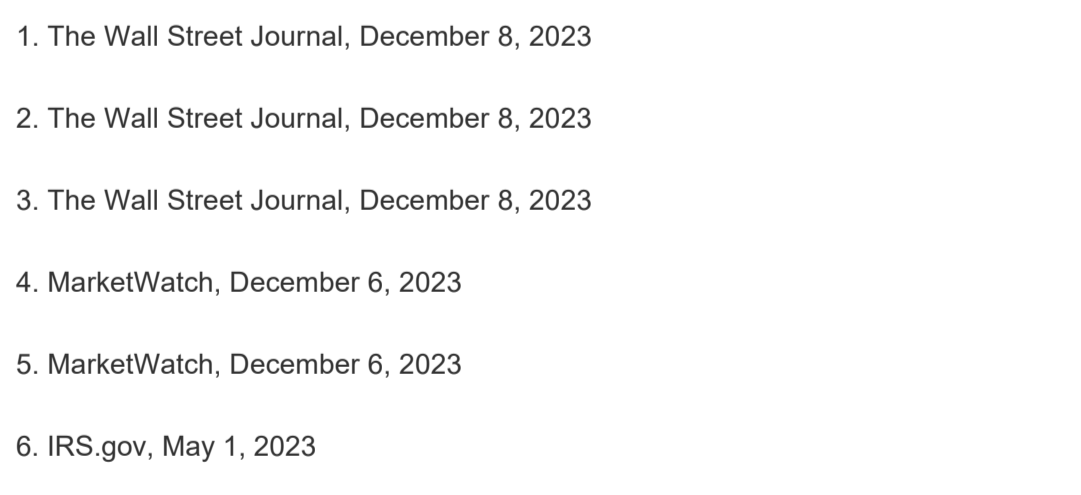
Vacations provide a ton of benefits and are a great way to relax and take a break from your everyday stressors. But sometimes, you can't swing a whole vacation. The good news is that you can still enjoy a little getaway without leaving the comfort of your own home.

Here are some fun ways to "get away" without actually getting away:

- Create a themed cocktail or drink based on the place you're dreaming of. Whip up a fancy French cocktail and pretend you're sitting on a terrace in Paris, or order a local microbrew from a US destination that you've always wanted to go to.
- You can also create a themed dinner night and take a culinary adventure around the world. Bonus points if you design a real menu.
- Visit a museum (virtually). The Google Arts and Culture Project makes it possible to visit the Tate, Reina Sofia, and Acropolis Museum all from the comfort of your own home.

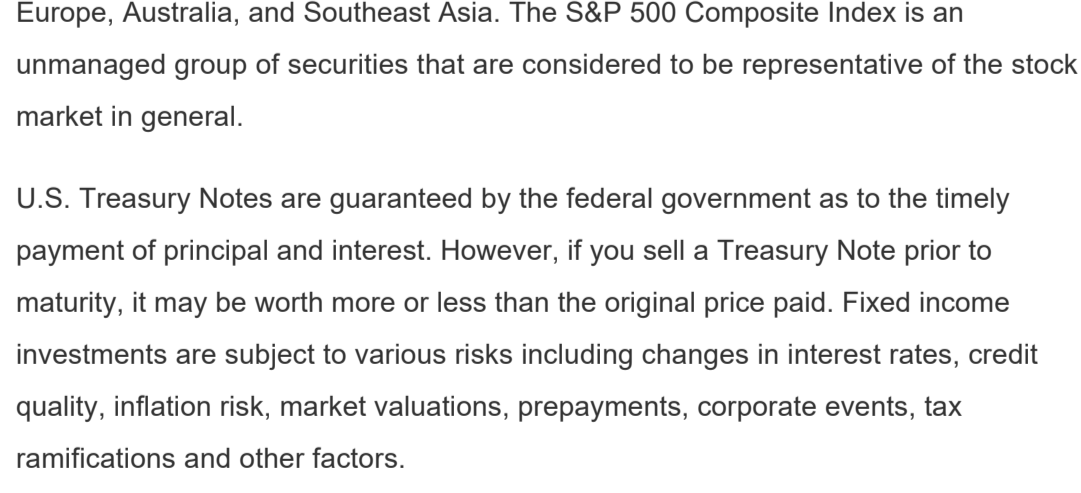
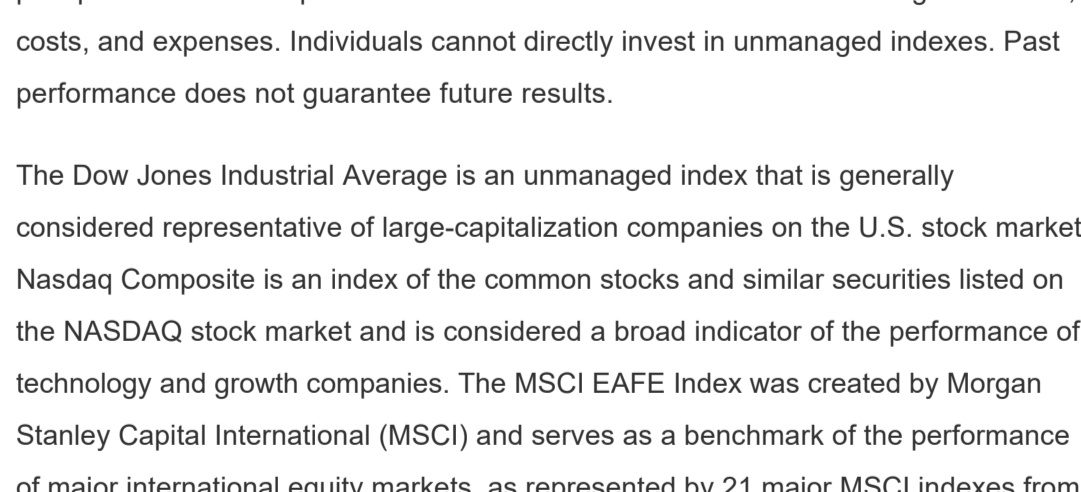
Whether you want to visit a national park, learn a new language, or try a new recipe, there are countless ways to explore the world from your living room.

Tip adapted from Ideas.ted.com<sup>7</sup>



My first is twice in apple but not once in tart. My second is in liver but not in heart. My third is in giant and also in ghost. Whole I'm best when I am roast. What am I?

*Last week's riddle: It has no body, but it has a copper head and copper tail. It can be found in the street and in just about any store. What is it? Answer: A penny.*



Temple of Kukulkan, Chichen Itza, Yucatan, Mexico

### Footnotes and Sources

1. The Wall Street Journal, December 8, 2023
2. The Wall Street Journal, December 8, 2023
3. The Wall Street Journal, December 8, 2023
4. MarketWatch, December 6, 2023
5. MarketWatch, December 6, 2023
6. IRS.gov, May 1, 2023
7. Ideas.ted.com, October 9, 2023

Investing involves risks, and investment decisions should be based on your own goals, time horizon, and tolerance for risk. The return and principal value of investments will fluctuate as market conditions change. When sold, investments may be worth more or less than their original cost.

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The Dow Jones Industrial Average is an unmanaged index that is generally considered representative of large-capitalization companies on the U.S. stock market. Nasdaq Composite is an index of the common stocks and similar securities listed on the NASDAQ stock market and is considered a broad indicator of the performance of technology and growth companies. The MSCI EAFE Index was created by Morgan Stanley Capital International (MSCI) and serves as a benchmark of the performance of major international equity markets, as represented by 21 major MSCI indexes from Europe, Australia, and Southeast Asia. The S&P 500 Composite Index is an unmanaged group of securities that are considered to be representative of the stock market in general.

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