

Weekly Market Recap

The week in review

- Housing starts jumped 14.8% m/m
- 3Q real GDP growth was revised down to 4.9% saar
- Headline PCE fell 0.1% m/m and rose 2.6% y/y
- Core PCE rose 0.1% m/m and 3.2% y/y

The week ahead

- Pending home sales

Thought of the week

Christmas appears to have come early this year, as investors were given much to celebrate this holiday season. Most notably, at the most recent FOMC meeting, Fed Chairman Jerome Powell and his fellow Federal Reserve colleagues “gifted” investors with a “turtle” dovish pivot, sparking a rally in both stocks and bonds. Additionally, with inflation steadily trending back to target, Christmas shoppers should be pleased that the cost of spreading holiday cheer rose at a slower pace this year. In fact, PNC’s Christmas Price Index, which measures the cost of each gift in the song “The Twelve Days of Christmas,” rose by 2.7% from 2022, a sharp slowdown from last year’s 10.5% gain.

Reflective of broader inflation dynamics, service-related gifts were the key drivers of price increases, rising 3.3% y/y. The *eleven pipers piping* and *twelve drummers drumming* were not exempt from tight labor markets, and the cost of hiring these groups for your true love rose 6.2% y/y. However, the market for *nine ladies dancing* eased, with prices remaining flat this year after a 10% increase last year. Elsewhere, goods-related gifts rose by a more tempered 1.5% y/y, weighed down by stagnant prices for *four calling birds*, *five gold rings* and *seven swans-a-swimming*. While *partridge* prices held steady at 2022 levels, the cost of a *partridge in a pear tree* rose 13.9% y/y as higher housing costs supported *pear tree* prices. Finally, prices for *two turtle doves* rose by a whopping 25%, making it the most volatile gift this year.

As the winter passes, steadily cooling inflation will likely be the gift that passes on giving in 2024. Indeed, falling inflation will allow the Fed to ease policy next year, keeping the possibility of a soft landing higher than it was a few months ago.

Please see important disclosures on next page.

Weekly Data Center

Equities	Level	Index Returns (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
S&P 500	4755	0.77	11.31	25.85	26.46	35.16
Dow Jones 30	37386	0.22	12.18	15.25	15.66	32.38
Russell 2000	5055	2.47	14.35	17.25	17.81	6.36
Russell 1000 Growth	2016	0.93	14.05	42.53	42.62	29.74
Russell 1000 Value	1001	0.73	8.87	10.83	11.83	31.18
MSCI EAFE	2211	0.84	9.19	17.48	17.38	15.93
MSCI EM	992	-0.78	4.53	6.79	6.12	-13.20
NASDAQ	14993	1.22	13.63	44.44	44.34	19.81

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	4.59	0.14	6.30	5.02	3.98	-9.87
U.S. Corporates	5.14	-0.16	7.80	7.81	6.64	-9.66
Municipals (10yr)	2.76	0.29	7.31	5.62	5.45	-0.30
High Yield	7.85	0.67	6.74	13.00	11.87	6.39

Key Rates	Levels (%)					
	12/22/23	12/15/23	9/29/23	12/30/22	12/22/22	12/22/20
2-yr U.S. Treasuries	4.31	4.44	5.03	4.41	4.24	0.13
10-yr U.S. Treasuries	3.90	3.91	4.59	3.88	3.67	0.93
30-yr U.S. Treasuries	4.05	4.00	4.73	3.97	3.73	1.65
10-yr German Bund	1.96	2.02	2.82	2.53	2.35	-0.59
SOFR	5.31	5.32	5.31	4.30	4.30	0.07
3-mo. EURIBOR	3.93	3.92	3.95	2.13	2.13	-0.54
6-mo. CD rate	N/A	2.21	2.21	1.80	1.79	0.26
30-yr fixed mortgage	6.83	6.83	7.53	6.58	6.34	2.86
Prime Rate	8.50	8.50	8.50	7.50	7.50	3.25

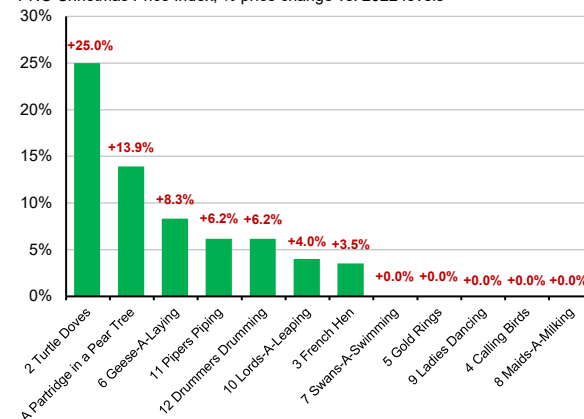
Index Characteristics			
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)
19.49	4.36	1.43	39918
17.56	4.69	N/A	11686
22.12	1.84	1.34	2518
26.52	11.46	0.68	23661
14.87	2.38	2.25	20074
13.20	1.74	3.14	16002
11.64	1.58	2.96	6850
26.85	5.82	0.73	24303

Currencies	Levels		
	12/22/23	12/30/22	12/22/22
\$ per €	1.10	1.07	1.06
\$ per £	1.27	1.20	1.20
¥ per \$	142.38	131.95	132.26

Commod.	Levels		
	12/22/23	12/30/22	12/22/22
Oil (WTI)	73.88	80.16	77.68
Gasoline	3.05	3.09	3.12
Natural Gas	2.57	3.52	7.10
Gold	2042	1814	1801
Silver	24.46	23.95	23.74
Copper	8499	8387	8346
Corn	6.10	6.14	5.96
BBG Idx	227.82	245.89	242.34

Chart of the Week

Prices of gifts from the song "The Twelve Days of Christmas"
PNC Christmas Price Index, % price change vs. 2022 levels



Style Returns

	V	B	G
L	0.7	0.8	0.9
M	1.0	1.1	1.3
S	2.5	2.5	2.5
	V	B	G
L	10.8	25.9	42.5
M	12.3	16.9	25.6
S	15.1	17.3	18.8

S&P 500 Sector Returns

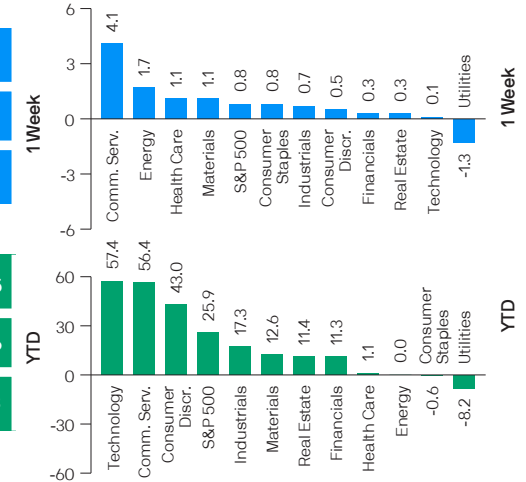




Chart of the Week: Source: BLS, PNC, J.P. Morgan Asset Management.
Thought of the week: Source: BLS, PNC, J.P. Morgan Asset Management.

Abbreviations: Cons. Sent.: University of Michigan Consumer Sentiment Index; CPI: Consumer Price Index; EIA: Energy Information Agency; FHFA HPI: - Federal Housing Finance Authority House Price Index; FOMC: Federal Open Market Committee; GDP: gross domestic product; HPI: Home Price Index; HMI: Housing Market Index; ISM Mfg. Index: Institute for Supply Management Manufacturing Index; PCE: Personal consumption expenditures; Philly Fed Survey: Philadelphia Fed Business Outlook Survey; PMI: Purchasing Managers' Manufacturing Index; PPI: Producer Price Index; SAAR: Seasonally Adjusted Annual Rate

Equity Price Levels and Returns: All returns represent total return for stated period. Index: S&P 500; provided by: Standard & Poor's. Index: Dow Jones Industrial 30 (The Dow Jones is a price-weighted index composing of 30 widely-traded blue chip stocks.) ; provided by: S&P Dow Jones Indices LLC. Index: Russell 2000; provided by: Russell Investments. Index: Russell 1000 Growth; provided by: Russell Investments. Index: Russell 1000 Value; provided by: Russell Investments. Index: MSCI - EAFE; provided by: MSCI - gross official pricing. Index: MSCI - EM; provided by: MSCI - gross official pricing. Index: Nasdaq Composite; provided by: NASDAQ OMX Group.

MSCI EAFE is a Morgan Stanley Capital International Index that is designed to measure the performance of the developed stock markets of Europe, Australasia, and the Far East.

Bond Returns: All returns represent total return. Index: Bloomberg US Aggregate; provided by: Bloomberg Capital. Index: Bloomberg Investment Grade Credit; provided by: Bloomberg Capital. Index: Bloomberg Municipal Bond 10 Yr; provided by: Bloomberg Capital. Index: Bloomberg Capital High Yield Index; provided by: Bloomberg Capital.

Key Interest Rates: 2 Year Treasury, FactSet; 10 Year Treasury, FactSet; 30 Year Treasury, FactSet; 10 Year German Bund, FactSet. 3 Month LIBOR, British Bankers' Association; 3 Month EURIBOR, European Banking Federation; 6 Month CD, Federal Reserve; 30 Year Mortgage, Mortgage Bankers Association (MBA); Prime Rate: Federal Reserve.

Commodities: Gold, FactSet; Crude Oil (WTI), FactSet; Gasoline, FactSet; Natural Gas, FactSet; Silver, FactSet; Copper, FactSet; Corn, FactSet. Bloomberg Commodity Index (BBG Idx), Bloomberg Finance L.P.

Currency: Dollar per Pound, FactSet; Dollar per Euro, FactSet; Yen per Dollar, FactSet.

S&P Index Characteristics: Dividend yield provided by FactSet Pricing database. Fwd. P/E is a bottom-up weighted harmonic average using First Call Mean estimates for the "Next 12 Months" (NTM) period. Market cap is a bottom-up weighted average based on share information from Compustat and price information from FactSet's Pricing database as provided by Standard & Poor's.

MSCI Index Characteristics: Dividend yield provided by FactSet Pricing database. Fwd. P/E is a bottom-up weighted harmonic average for the "Next 12 Months" (NTM) period. Market cap is a bottom-up weighted average based on share information from MSCI and Price information from FactSet's Pricing database as provided by MSCI.

Russell 1000 Value Index, Russell 1000 Growth Index, and Russell 2000 Index Characteristics: Trailing P/E is provided directly by Russell. Fwd. P/E is a bottom-up weighted harmonic average using First Call Mean estimates for the "Next 12 Months" (NTM) period. Market cap is a bottom-up weighted average based on share

information from Compustat and price information from FactSet's Pricing database as provided by Russell.

Sector Returns: Sectors are based on the GICS methodology. Return data are calculated by FactSet using constituents and weights as provided by Standard & Poor's. Returns are cumulative total return for stated period, including reinvestment of dividends.

Style Returns: Style box returns based on Russell Indexes with the exception of the Large-Cap Blend box, which reflects the S&P 500 Index. All values are cumulative total return for stated period including the reinvestment of dividends. The Index used from L to R, top to bottom are: Russell 1000 Value Index (Measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values), S&P 500 Index (Index represents the 500 Large Cap portion of the stock market, and is comprised of 500 stocks as selected by the S&P Index Committee), Russell 1000 Growth Index (Measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values), Russell Mid Cap Value Index (Measures the performance of those Russell Mid Cap companies with lower price-to-book ratios and lower forecasted growth values), Russell Mid Cap Index (The Russell Midcap Index includes the smallest 800 securities in the Russell 1000), Russell Mid Cap Growth Index (Measures the performance of those Russell Mid Cap companies with higher price-to-book ratios and higher forecasted growth values), Russell 2000 Value Index (Measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values), Russell 2000 Index (The Russell 2000 includes the smallest 2000 securities in the Russell 3000), Russell 2000 Growth Index (Measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values).

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