

WEEKLY MARKET RECAP: December 25 – December 29, 2023

Happy Friday, traders.

Welcome to our weekly market wrap, where we look back at these last five trading days with a focus on the market news, economic data and headlines that had the most impact on the financial market – and may continue to into the future for the US Dollar and other key correlated assets.

As the winter passes, steadily cooling inflation will likely be the gift that keeps on giving in 2024.

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.

Thanks for reading! Have a great weekend.

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