THE WEEK IN REVIEW
Easing fears surrounding the COVID-19 Omicron variant helped major equity indexes push higher in the holiday-shortened week and claw back most of the losses from the previous week. The consumer discretionary and technology sectors were among the best performing S&P 500 sectors this week, led by Tesla (TSLA) and Nvidia (NVDA). Multiple studies suggested people infected with the new variant have a lower risk of hospitalization compared to prior strains. Additionally, the Food and Drug Administration granted emergency authorization for COVID antiviral pills made by Pfizer (PFE) and Merck (MRK). On Wednesday, President Joe Biden announced that the pause on student loan payments has been extended until May 1, 2022. Student loan payments were set to restart on February 1, 2022 after being on pause since the beginning of the pandemic.

The final reading of U.S. GDP revised third quarter economic growth up to 2.3% from the prior estimate of 2.1%. This was the slowest growth since the second quarter of 2020. Inflation readings continue to accelerate, with the core PCE index rising 4.7% year-over-year, the largest increase since 1989. U.S. consumer spending rose 0.6% in November, down from the 1.4% rise in October. The University of Michigan Consumer Sentiment index rose to 70.6 in December, 3.2 points better than the previous month, as consumers displayed more optimism around the economy. Durable goods orders beat economists’ forecasts and increased 2.5% in November, the best increase since May of 2021, a positive sign for demand heading into 2022.

Initial jobless claims were unchanged for the week ending December 18th, coming in at a seasonally adjusted 205,000 despite concerns about the rapid spread of the Omicron variant ahead of the holiday weekend. Earlier this month, initial claims fell to 188,000, the lowest weekly level reported since 1969.

Sales of new homes increased 12.4% in November to an annualized rate of 744,000, following a downwardly revised 662,000 homes in October. New housing demand appears to remain strong in the current backdrop of low borrowing costs and desire for more space in response to the pandemic.

Price returns as of the last available closing data. Source data: Bloomberg and Morningstar are believed to be correct but not verified.