



NOBLE WEALTH PARTNERS

SANCTUARY ASSET MANAGEMENT

CIO WEEK AHEAD



JEFF KILBURG
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Officer

CALENDAR

Monday

9:45 a.m. Manufacturing PMI
10:00 a.m. Construction spending

Tuesday

Earnings: MillerKnoll
Vehicle sales
10:30 a.m. ISM manufacturing
10:00 a.m. JOLTS

Wednesday

8:15 a.m. ADP employment
9:45 a.m. Services PMI
2:00 p.m. FOMC minutes

Thursday

Earnings: Bed Bath and Beyond, Constellation Brands, Conagra, Walgreen Boots Alliance, PriceSmart, WD-40, Lamb Weston
8:30 a.m. Initial claims
8:30 a.m. International trade
10:00 a.m. ISM services
10:00 a.m. Factory orders
1:15 P.M. St. Louis Fed President James Bullard

Friday

8:30 a.m. Employment report
10:00 a.m. San Francisco Fed President Mary Daly
12:15 p.m. Atlanta Fed President Raphael Bostic
12:30 p.m. Richmond Fed President Tom Barkin
3:00 p.m. Consumer credit

Saturday

12:15 p.m. Atlanta Fed's Bostic

Week of January 3, 2022

2022 kicks off with a busy economic calendar to start the New Year, including one of the Fed's most important data points, the monthly jobs report.

All three indexes finished the month higher. December marked the Dow's fifth-straight monthly gain, and the Nasdaq notched a six-month winning streak. The S&P 500 rose 27% in a tremendous year, notching 70 record closing highs during the twelve months of 2021. The often-used S&P 500 benchmark outpaced the 19% gain in the Dow Jones Industrial Average and the 21% rise in the Nasdaq Composite. At the Thursday close, the Dow Jones Industrial Average had risen on the year by 18.9%, to 36,398; the S&P had climbed 27.2%, to 4778; and the Nasdaq Composite was up 22.1%, to 15,741.

The major averages posted double-digit returns again this past year, as the global economy began its recovery from the 2020 Covid lockdowns, while the Federal Reserve maintained supportive measures first implemented at the onset of the pandemic.

The 2021 stock market was dislocated with an initial surge in some high-flying growth stocks, but then many of those names fell hard, and some of the large-cap "essential" names in the S&P 500 remarkably performed. Microsoft was up 51% for the year, while Apple gained 34%. Home Depot was up 56%, and American Express gained 35%. Ford was up 136%. In contrast - The ARK Innovation ETF, a high beta collection of loved growth stocks in 2020, was down 24% for the year.

Inflation: The last few months of 2021 have seen the warning of rising inflation. Investors have seen this in the recent inflationary data and consumers have realized rising inflation in nearly every purchase they have made. Undoubtedly, it has become an increasingly real, present, and noticeable threat. The Fed will be monitoring closely and are now in the position to combat inflation in Q2 if needed. I remain in the camp that inflation will indeed cool as we shift from consuming goods to services over the next few months.

Sectors: Energy was the top performer of the major sectors in 2021, up 48%, its best increase ever. It was followed by real estate, which jumped 42%. Technology was up 33%, and financials also gained 33%. Proper sector exposure should be again critical to navigate volatility.

Job Growth: According to Dow Jones, economists expect 405,000 jobs were added in the final month of 2021, up from 210,000 in November. The unemployment rate is expected to slide to 4.1% from 4.2%.

Fed Speak: On Wednesday, the FOMC minutes from the Fed's December meeting are released. If you recall, the central bank announced in a very telegraphed manner that they would speed up the tapering of its once \$120 billion a month bond buying program, which should now end their historic asset purchases by March instead of the original June target. The March meeting is now presenting the first opportunity for the Fed to move on a rate hike, I do not envision that aggressive of a policy move though.

Happy New Year! Please feel free to reach out to myself or Kevin Leonard to set up to see how we can be additive to your practice in 2022.

Have a great week!

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