

Santa delivered an all time high

Markets rallied on Monday following this weekend's strong retail sales data from Mastercard. Despite canceled holiday flights and fears of demand pressure coming from Omicron, Santa delivered an all-time high to begin the seasonally strong period. The S&P 500 gained 1.38% to reach 4,791.27, while the dollar rose slightly, and bonds were essentially flat. Crude oil displayed modest gains, while natural gas rallied on forecasts of cold spurts across parts of the U.S. over the coming few weeks.



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What To Watch Today

Economy

- 9:00 a.m. ET: **FHFA House Price Index**, month-over-month, October (0.9% expected, 0.9% in September)
- 9:00 a.m. ET: **S&P CoreLogic Case-Shiller 20 City Composite Index**, month-over-month, October (0.9% expected, 0.96% in September)
- 9:00 a.m. ET: **S&P CoreLogic Case-Shiller 20 City Composite Index**, year-over-year, October (18.5%. expected, 19.05% in September)
- 9:00 a.m. ET: **S&P CoreLogic Case-Shiller Home Price Index**, year-over-year, November (19.51% in October)
- 10:00 a.m. ET: **Richmond Fed Manufacturing Index**, December (11 expected, 11 in November)

Earnings

- *No notable reports scheduled for release*

S&P 500 Reaches New Record

Monday marks a positive start to the historically probable rally as Santa delivered a record high for the S&P 500. Technology and energy stocks led the index roughly 1.4% higher to its 69th record close this year, even as the Omicron variant threatens near-term demand.

According to [Market Watch](#), since 1929, any time that Santa delivered 1% or more to start a Santa Claus rally, the period ended with a positive return. Furthermore, the average return throughout the rallies that met this criterion was 3.3%. Of course, investors should take this analysis with a grain of salt due to the small sample size of data shown below.

S&P 500 Gains 1% or more on Day 1 of Santa Claus Rally		
Year	First Day of Santa Claus Rally	Santa Rally
1929	2.21	4.12
1945	1.4	0.58
1969	1.05	3.58
1974	1.41	7.2
1976	1.16	0.82
1978	1.69	3.26
1982	1.76	1.17
2000	2.44	5.7
Average		3.30
Median		3.42
Source: Dow Jones Market Data		

Tweet Of The Day

<https://twitter.com/LanceRoberts/status/1475460289202167811?s=20>

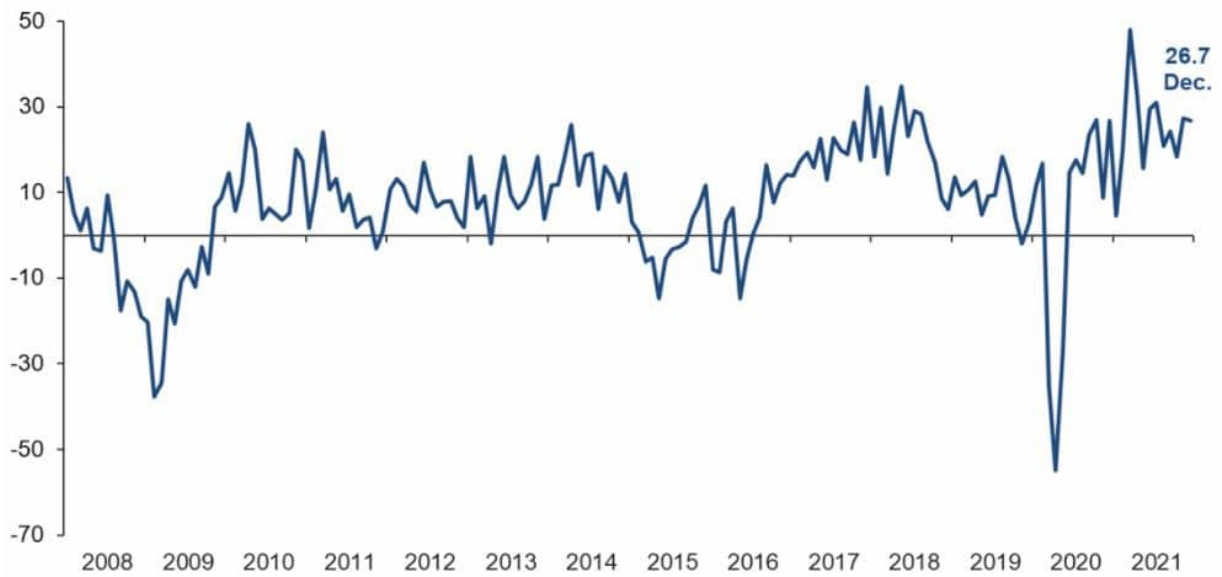
Dallas Fed Signals Strong Manufacturing Activity

The Dallas Fed Manufacturing Survey, released this morning, provides us with an early look at manufacturing activity for December. As a regional survey, it doesn't paint a complete picture. However, it sheds light on an important piece of the national manufacturing puzzle.

As shown below, the production index was 26.7 in December. The reading fell slightly from 27.4 last month, but it still indicates solid output growth. The general activity index, which speaks to broader business conditions, eased slightly to 8.1 in December from 11.8 last month. The results indicate that both manufacturing output growth and business conditions remain strong despite cooling somewhat from November.

Texas Manufacturing Outlook Survey Production Index

Index, seasonally adjusted



Federal Reserve Bank of Dallas

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