

CHART OF THE MONTH

DECEMBER 2022

After posting monthly gains of 8.0% in October and 5.4% in November, the S&P 500 fell 6.3% in December (through yesterday), virtually halving the advance of the prior two months and causing many to rethink the potential for a Santa Claus Rally this holiday season.

Not so fast as Santa Claus may be coming to town after all. You see, the S&P took to the skies and ascended 1.5% today. It seems as if Santa checked the list below and realized it was time to take flight because December 21-31 has been the second-best ten-day period for the stock market since 1950 (behind only late October to early November). Nine of these ten days have generated positive returns on average. Furthermore, the first week of January has tended to be constructive as well, combining for a strong stretch to end one year and start the next.

In response to why this occurrence generally takes place, we would point to the decreasing levels of tax-loss selling and the increasing levels of bargain hunting throughout the second half of December as the primary catalyst. Of course, economic and market fundamentals matter and can override seasonal patterns from time to time. Nonetheless, we believe stocks were oversold going into today and remain cautiously optimistic going forward despite the hawkish Fed doing its best to steal Christmas.

Separately, it might be a fun exercise this holiday season to compare how the stock market has performed on your birthday versus other family members and friends.

Here's wishing you and your loved ones health, happiness, and prosperity in the New Year ahead.

S&P 500 INDEX Average Return Per Day (1950-2021)

	January	February	March	April	May	June	July	August	September	October	November	December
1		0.14%	0.35%	0.28%	0.20%	0.19%	0.26%	-0.04%	0.10%	0.23%	0.17%	0.04%
2	0.30%	0.12%	0.09%	0.08%	0.17%	0.11%	0.05%	0.13%	0.28%	0.17%	0.32%	0.08%
3	0.17%	0.22%	0.04%	-0.01%	0.07%	0.05%	0.31%	0.05%	0.02%	-0.07%	0.41%	-0.15%
4	0.09%	-0.09%	0.22%	-0.05%	0.01%	-0.01%		-0.24%	-0.16%	0.10%	0.19%	0.16%
5	0.16%	-0.14%	0.09%	0.32%	0.17%	0.18%	0.15%	-0.12%	-0.06%	0.28%	0.28%	0.20%
6	0.09%	0.09%	-0.07%	0.18%	-0.13%	0.16%	0.10%	0.07%	0.14%	0.15%	-0.07%	0.21%
7	-0.07%	0.01%	-0.19%	-0.20%	-0.15%	0.04%	0.05%	0.17%	-0.07%	-0.06%	-0.10%	0.08%
8	-0.21%	-0.14%	0.03%	0.27%	0.24%	-0.06%	0.03%	-0.06%	0.02%	0.01%	0.07%	0.04%
9	-0.11%	-0.16%	-0.09%	0.26%	-0.09%	-0.21%	0.19%	-0.03%	-0.23%	-0.29%	0.01%	-0.01%
10	0.13%	0.02%	0.21%	0.20%	-0.08%	0.08%	-0.09%	-0.18%	-0.09%	0.04%	0.00%	0.03%
11	0.05%	0.04%	0.18%	-0.11%	-0.18%	-0.05%	0.08%	0.18%	0.06%	0.11%	0.19%	-0.15%
12	-0.10%	0.19%	-0.14%	0.29%	0.09%	0.01%	0.15%	-0.04%	0.03%	0.07%	-0.08%	-0.04%
13	-0.07%	0.19%	0.19%	-0.13%	-0.11%	0.10%	-0.03%	0.00%	0.17%	0.24%	0.11%	-0.05%
14	0.23%	0.04%	-0.10%	0.02%	-0.03%	-0.04%	0.26%	0.02%	0.08%	0.05%	0.02%	-0.25%
15	0.10%	0.18%	0.26%	0.17%	0.03%	0.03%	0.02%	-0.01%	-0.03%	-0.03%	-0.05%	-0.02%
16	0.11%	-0.05%	0.05%	0.24%	0.07%	0.17%	0.01%	0.09%	0.33%	-0.05%	0.06%	0.36%
17	0.06%	-0.08%	0.37%	0.30%	-0.14%	0.05%	0.09%	0.22%	-0.24%	-0.05%	0.01%	-0.01%
18	0.12%	0.04%	0.14%	0.23%	0.00%	-0.10%	-0.11%	-0.17%	0.16%	0.26%	-0.02%	0.25%
19	-0.02%	-0.14%	-0.14%	-0.12%	-0.09%	-0.04%	-0.03%	-0.18%	0.06%	-0.51%	-0.36%	-0.01%
20	-0.28%	0.03%	-0.09%	-0.11%	-0.05%	-0.10%	-0.02%	0.23%	-0.18%	0.41%	-0.12%	-0.07%
21	0.04%	-0.17%	-0.08%	0.18%	-0.04%	0.04%	-0.12%	-0.06%	-0.29%	0.18%	0.23%	0.23%
22	-0.04%	0.02%	-0.09%	0.03%	0.04%	-0.11%	-0.07%	0.05%	-0.06%	-0.36%	-0.04%	0.17%
23	0.13%	-0.12%	0.15%	-0.05%	-0.18%	-0.04%	-0.11%	0.03%	-0.16%	-0.03%	0.19%	0.05%
24	-0.07%	0.10%	0.02%	-0.08%	0.00%	-0.23%	0.01%	0.03%	-0.12%	-0.14%	0.48%	0.10%
25	0.06%	-0.07%	0.06%	0.13%	-0.10%	-0.06%	0.09%	-0.13%	-0.12%	-0.17%	0.15%	
26	0.11%	0.06%	0.34%	0.10%	0.14%	-0.30%	0.11%	0.05%	-0.19%	-0.22%	0.21%	0.50%
27	0.04%	-0.25%	-0.12%	-0.04%	0.19%	-0.02%	0.00%	-0.01%	0.02%	-0.09%	0.22%	0.18%
28	0.17%	-0.07%	-0.09%	-0.06%	-0.01%	0.22%	-0.13%	-0.05%	0.23%	0.47%	0.16%	-0.03%
29	0.06%	-0.06%	0.16%	0.21%	0.17%	0.02%	0.14%	0.12%	-0.32%	0.32%	0.04%	0.15%
30	0.03%		-0.16%	-0.03%	0.16%	0.14%	0.24%	-0.11%	-0.07%	0.21%	0.03%	0.13%
31	0.28%		-0.03%		0.15%		0.06%	0.06%		0.09%		0.16%

Source: Carson, YCharts

