# Musings

"Volatility is not risk. It is just the price you pay for the opportunity to earn returns."

– Bill Miller

### Last week in the markets

	Closing level	Weekly change	YTD change
S&P 500	6,051.08	-0.64%	+26.86%
Nasdaq Composite	19,926.72	+0.34%	+32.74%
10Y UST Yield	4.401	+5.92%	+13.84%
Crude oil	71.09	+5.79%	-0.78%
Gold	2,648.68	+0.58%	+28.39%
DXY	106.945	+0.92%	+5.54%
USD/INR	84.76	+0.13%	+1.91%
Euro STOXX 50	4,968.45	-0.11%	+9.70%
India (Nifty)	24,768.30	+0.37%	+13.97%
Japan (Nikkei)	39,470.44	+0.97%	+17.95%
China (CSI 300)	3,933.18	-1.01%	+14.63%
Saudi (TASI)	12,099.33	+1.40%	+1.10%
Abu Dhabi (ADX)	9,265.10	-0.01%	-3.27%
Dubai (DFM)	4,829.65	-0.51%	+18.96%

# News from the markets

US stock indices took a breather this week.

**The benchmark 10-year Treasury yield moved higher** as investors look ahead to the Federal Reserve's final meeting of the year.

U.S. inflation data published Thursday showed **wholesale prices rose 0.4% in November**, higher than the 0.2% level expected. At the same time, a jump in jobless claims data signaled a potentially weaker economy, muting some of the gain in yields.

The pair of reports came one day after **November's consumer price index report published Wednesday showed a 12-month inflation rate of 2.7%** and a 0.3% monthly increase. Core inflation, which excludes food and energy prices, was at 3.3% on an annual basis and 0.3% monthly. All the numbers were in line with estimates.

**Traders are currently pricing in a roughly 97% chance of a quarter-point rate** reduction at the Fed's meeting next week, according to the CME FedWatch Tool.

**The NFIB's small business optimism index surged dramatically in November** to post the biggest monthly gain since 1980. Small businesses expect a "repeat performance" of Trump's sub-2% first-term inflation. If the jump — which puts the index at June 2021 levels and above its 50-year average for the first time in a couple of years — is big enough to change how small businesses hire and spend, the knock-on effects will reverberate throughout markets.

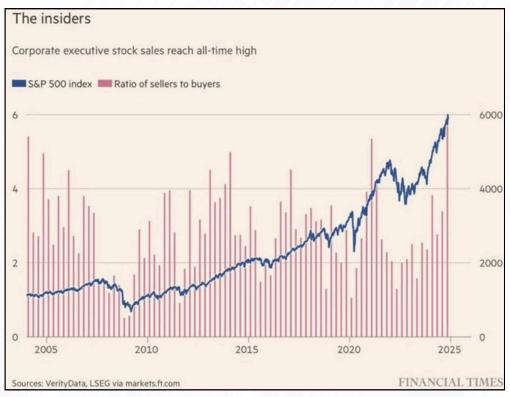
**Broadcom stock soared more than 24%** as the chipmaker touted its "massive" opportunity in the artificial intelligence market during a quarterly earnings call. CEO Hock Tan said the company expects its custom AI chips will generate between \$60 billion and \$90 billion in revenue over the next three years from its three existing hyperscaler customers.

Earlier, **Adobe Inc.'s shares fell the most in more than two years** after the firm gave a disappointing annual sales outlook, underscoring anxieties that the creative software company may lose business to emerging artificial intelligence-based startups. The stock has dropped 20% this year, lagging behind software peers and industry benchmarks. Investors have voiced recurring anxieties that AI-based creative tools from firms like OpenAI or Runway AI could take market share from Adobe.

**Shares of Tesla reached a closing high of \$436.23.** The Company's China unit said it sold 21,900 electric vehicles on the mainland during the first week of December, its highest weekly sales thus far in the fourth quarter. The disclosure comes after Tesla revealed November was its best month of the year, with 73,000 units sold. Tesla stock is up over 73% since Trump's election win last month.

**Oil prices rose as investors digested comments from US Treasury secretary Janet Yellen**, suggesting that low demand opened up the opportunity for more US sanctions on Russian oil. Hopes for China's economic stimulus and a possible Fed rate cut had traders eyeing brighter days ahead for energy demand.

# Chart of the Week



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