



*Our core purpose, our passion, is to make a positive and profound difference in the lives of our clients and in the communities we serve.
~Hudock Capital*

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Important Tax Information

We thought the following information may be helpful as the upcoming tax season approaches:

Pershing Advisor Solutions Accounts

- Dates of mailing for tax documents: Initially January 31st, 2023, but may go as late as March 15th, 2023.

Fidelity Accounts

- Dates of mailing for tax documents: Initially January 13th, 2023, but may go as late as March 25th, 2023.

FYI's

- All tax documents from Pershing, Fidelity or any other custodian should be held for your accountant. Additionally, K1's that you receive should be held for your accountant.
- As in the past years, when your accountant calls us requesting information or personal data, we are required, *unless we already have your permission on file*, to call you to get permission to speak with them.
- Please call us with any questions that you or your accountant may have.

PA 529 Plans

It's great to be born in PA!

Children born in Pennsylvania after December 31, 2018 will receive a \$100 Keystone grant, including children born after December 31, 2018 who are subsequently adopted by a PA resident. The Pennsylvania Treasury will mail the instructions, along with the child's access code, on how to sign up for an account after the baby is born. Parents will also need their child's PA birth certificate number, date of birth and zip code.

For more information, visit <https://pa529.com/keystone/>.

Economic Commentary

As we begin the new year, let's take a moment to reflect on what happened in 2022. Although 2022 was a challenging year for investors, we look forward to 2023 and the opportunities it may bring. Patience, perseverance and a plan imbued with purpose will be our guides as we navigate the year ahead together.

The year 2022 was the worst year for stocks since 2008 and the worst year for bonds in almost 100 years. The Dow Jones Industrial Average (30 stocks) and the broader-based S&P 500 (500 stocks spread across major industries) peaked as the year began (Yahoo Finance data).

The Fed's response to stubbornly high inflation prompted the fastest series of rate hikes since 1980, according to data from the St. Louis Federal Reserve.

While we would never discount the severe humanitarian crisis that has unfolded for our friends in Europe, market woes were compounded by Russia's illegal invasion of its neighbor.

The war on Ukraine exacerbated inflation by temporarily sending oil prices much higher and lifting commodities such as wheat.

The allied response designed to punish Russia also trickled into financial markets.

Put another way, the favorable economic fundamentals we were treated to in the 2010s—low interest rates, low inflation and modest economic growth shifted dramatically last year.

The economy expanded, but the interest rate and inflation environment overwhelmed any tailwinds from economic and profit growth.

Notably, however, the returns on major market averages varied widely. The Dow lost 8.8%, while the S&P 500 Index gave up 19.4%, the biggest disparity in over 60 years, according to CNBC.

Furthermore, the tech-heavy, growth-heavy Nasdaq stumbled badly amid the high-rate environment.

Key Index Returns		
Index	MTD %	YTD %
Dow Jones Industrial Average	-4.2	-8.8
Nasdaq Composite	-8.8	-33.1
S&P 500 Index	-5.9	-19.4
Russell 2000 Index	-6.6	-21.6
MSCI World ex-U.S.A*	-0.6	-16.6
MSCI Emerging Markets*	-1.6	-22.4
Bloomberg Barclays Global Aggregate Bond TR USD	0.54	-16.25
20+ Year Treasury Bonds Index	-1.0	-31.41

Source: Wall Street Journal, MSCI.com, MarketWatch, Bloomberg

MTD returns: November 30, 2022–December 30, 2022

YTD returns: December 31, 2021–December 30, 2022

*U.S.D.

Key numbers

In recent years, uncertainty in equities has aided bonds, as investors sought safety in fixed income.

Last year was a notable exception. The yield on the 10-year Treasury bond rose from 1.63% at the beginning of the year to 3.88% by year-end (U.S. Treasury Dept). Bond prices and yields move in opposite directions, which pushed bond prices down.

The drop in bond prices can be traced to the sharp rate hikes from the Federal Reserve.

Inflation is the root of the problem. A year ago, the Fed belatedly recognized that 2021's surging inflation wasn't simply "transitory," its word of choice at the time.

The annual CPI was running at 7.0% in December 2021; it peaked at 9.1% in June and moderated to a still-high 7.1% by November, the last available reading according to the U.S. Bureau of Labor Statistics.

The recent slowdown in inflation is welcome, but a couple of months of lower readings aren't exactly a trend, at least in the Fed's eyes.

While the Fed appears set to slow the pace of rate increases in 2023, it has signaled that the eventual peak will last longer, as it attempts to bring the demand for goods, services, and labor into alignment with the supply of goods, services and labor.

Of course, the Fed's weapon of choice—higher interest rates—is a blunt instrument. It does not operate with the precision of a surgeon, and pain won't be and hasn't been spread evenly.

Despite chatter in some corners that we are in a recession, a 3.7% jobless rate, which is just above this year's low of 3.5%, coupled with still-robust job growth, is sending a signal that the economy continues to expand.

However, this year could bring new challenges, and attention has slowly been shifting away from inflation to economic performance.

The Conference Board's Leading Economic Index is far from a household name. But it is a closely watched index designed to foreshadow a recession. It's not a good timing tool, nor should it be used to forecast the depth of a recession. But it has never failed to peak in front of a recession (data back to 1960).

Through November, it has fallen for nine-straight months, according to the Conference Board.

Moreover, more than two-thirds of the economists at 23 large financial institutions expect the U.S. will slide into recession this year.

Nevertheless, a recession is not a foregone conclusion. A resilient labor market and a sturdy consumer, with borrowing power and some pandemic cash still in the bank, could support economic growth this year.

Ultimately, we know that you must control what you can control. We can't control the stock market or the economy. Events overseas are out of our control. But we can control the financial plan. Time horizon in managing the challenges we face today is a significant input in how we forge our path forward. Today's challenges are often tomorrow's opportunities and patience and perspective are critical in managing through the current uncertainties we will face together.

If you have any questions or would like to discuss any matters, please feel free to give us a call.

As always, we are honored and humbled that you have given us the opportunity to serve as your financial advisor.

Reference: Horsesmouth

Hudock Happenings



Amber and her husband, David, welcomed their first baby, Mason David, into the world on October 13, 2022 at 10:09 pm, weighing 4 lbs 15 oz and measuring 18 inches long. Mason is the perfect addition to their family.

*Congratulations to the
Pennycoff family!*

New Face of HCG



Joshua Yoder started his career with Hudock Capital in August 2022. He is a graduate of Bucknell University where he earned his Bachelor of Arts degree. While there, he was a member of the Bucknell football team and was named to the Patriot League Academic Honor Roll. Joshua currently serves as a Registered Associate and Client Service Associate, holding his Series 65 registration. He is a native of the Elysburg area and is a Southern Columbia Alumni. In his free time, he enjoys spending time with friends and family, cooking, the great outdoors, and traveling.



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If you have any suggested topics or feedback about the Hudock Capital Group Newsletter, please feel free to call us and share!

After the Closing Bell

Once again, it's SKI SEASON! For me, skiing is a special time to spend with my son and grandson, great exercise, and a wonderful opportunity to get out in nature. I really look forward to my ski days.

Sunday, when I was skiing at our local Ski Sawmill resort (a small ski hill very close to home), I met a very nice young man in front of me in the lift line. His name was Bentley and he was 12 years old. He proudly told me this was his FOURTH time out and asked me how long I had been skiing. I had to stop and think a minute. I answered him honestly and said—since 1968! That threw him for a bit of a loop (and maybe me too!). I have been skiing for a LONG time.

My introduction to skiing was in college at Appalachian State University where it was offered as a gym class. It was a wonderful opportunity for those of us who maybe couldn't afford it to get lessons and some experience on the hill! Since then, I've had a wide range of skiing experiences. There were years I didn't ski at all. Years I would ski at some amazing resorts throughout the country. And years where I spent most of the season at Ski Sawmill. Sometimes the conditions were icy and hard to navigate. Other times they were perfect, with pure powder and blue skies.

Riding the lift, I got to thinking, there are plenty of parallels for us as investors. We have been investing for a LONG time. Over the years, we've certainly navigated some difficult conditions and also enjoyed plenty of blue skies. No matter the conditions, we have a goal—whether it's a secure retirement, leaving a legacy or simply skiing down the hill in one piece. And, we have confidence moving forward knowing that we have the right skills and "equipment" to succeed. On the slopes, if we hit a rough patch and fall, we pick ourselves up and press on because we know how to point our skis in the right direction and trust in our abilities to get to the finish line. The trick is, we learn something from each experience, we don't give up and we have faith that better conditions will return.

Patience and perseverance are hallmarks of good skiers and, it turns out, good investors too. So, as we begin a new year, meet me at the lift line and let's enjoy a great run together.

Warmest,
Barbara

2023 Events

St. Patrick's Day Celebration
March Date TBA

Fly Fishing Presentation
"Destinations" by Josh Miller
April Date TBA

Holiday Events:
The Club at Shepard Hills
Tuesday, December 5th
11:00 am

Williamsport Country Club
Friday, December 8th
11:00 am

Williamsport Country Club
Saturday, December 9th
11:00 am