

MONDAY

All three major stock indices concluded in positive territory. The Dow Jones market index, in particular, took center stage this Monday, reaching an impressive milestone by surpassing the \$38,000 mark for the first time.

Contrary to widespread investor expectations of a significant surge in Bitcoin's value following SEC approval for multiple spot Bitcoin ETFs, the leading cryptocurrency faced a setback, witnessing a nearly 5% decline on Monday. The beginning of the year has been challenging for Bitcoin, with its value mostly hovering in negative territory. While a reversal leading to positive gains remains a possibility, Bitcoin has, for now, weathered a rough start to the new year.

Shifting focus to recent earnings reports, United Airlines showcased remarkable financial performance. The airline company experienced a staggering 255% surge in net income from 2022 to 2023, marking a substantial leap from \$737 million to \$2.6 billion. This notable growth was fueled by a significant 22.5% increase in passenger revenue. Post-market hours, United Airlines' stock witnessed a commendable uptick of over 6%, with investors expressing satisfaction over its earnings exceeding expectations and an optimistic outlook for 2024. Despite United's strong performance throughout the year, analysts are expressing concerns about the impact of the grounding of their Boeing 737 Max 9 fleet on earnings, foreseeing potential challenges at least in the first quarter of 2024. It's a dynamic landscape, where positive results and potential challenges intertwine, shaping the narrative of the financial markets.

Major Stock Indices Performance Today...

S&P 500: 0.22%

Dow Jones: 0.37%

NASDAQ: 0.32%



TUESDAY

Today was a big day for corporate earnings, as industry heavyweights including Johnson & Johnson, Procter & Gamble, and Verizon unveiled their Q4 2023 financial results.

Kicking off the highlights, Verizon's stock experienced a notable uptick of approximately 6.7% on Tuesday. Investors were buoyed by the telecom giant's robust performance, marked by higher service revenue, enhanced cash flow, and substantial improvements in wireless customer growth. Despite these positive indicators, the company faced a challenge as its net income, or earnings, took a dip of over 40% in 2023 compared to the previous year. This decline was attributed to heightened operating expenses and a decrease in revenue from wireless equipment.

Moving to Johnson & Johnson, the healthcare giant reported a commendable sales increase of over 6% from 2022 to 2023. However, the company's stock witnessed a decline of 1.7% as its earnings fell over 18% in 2023.

On a brighter note, Procter & Gamble, renowned for household brands like Pampers, Tide, Charmin, Gillette, Old Spice, and Febreze, experienced a positive day in the stock market with a rise of over 4%. This success was largely attributed to higher gross profits, driven by increases in net sales and reductions in the costs of products sold. Notably, the company's growth during the quarter was particularly fueled by products in fabric & home care and baby, feminine, and family care segments, all of which saw significant improvements in profitability.

Major Stock Indices Performance Today...

S&P 500: 0.29%

Dow Jones: -0.25%

NASDAQ: 0.43%



WEDNESDAY

Netflix took center stage in Wednesday's spotlight, propelled by a robust surge in paid memberships that significantly bolstered the company's revenue and earnings. Although Netflix disclosed its quarter 4 earnings for 2023 on Tuesday, the media subscription giant delayed the official release of its earnings until after the closing bell on the stock market. When markets reopened on Wednesday, Netflix's stock experienced a flurry of investor activity.

Contrary to somewhat pessimistic projections for Netflix's subscriber growth, the streaming giant surpassed expectations, outperforming estimates and posting notable increases in both revenue and profit throughout 2023. This unexpected achievement showcased the resilience and strength of Netflix's business model in the constantly evolving landscape of the entertainment industry.

Major Stock Indices Performance Today...

S&P 500: 0.08%

Dow Jones: -0.26%

NASDAQ: 0.36%



THURSDAY

Transitioning from Wednesday, Tesla stepped into the spotlight as markets digested its Q4 earnings. Despite Tesla's commendable performance in the revenue department, marked by increased revenues from its cars, energy generation and storage, as well as various services and other revenue sources, there was a notable challenge. While Tesla's revenue exhibited strength with an almost 20% increase, its operating expenses surged at an even higher rate of 22%. This sparked investor concerns about Tesla's elevated operating costs and diminished profitability over the course of the year, causing a dip in Tesla's stock by over 12%.

Shifting focus from Tesla, let's turn our attention to IBM, a major innovator in the tech industry, which witnessed robust stock growth post its Q4 earnings that surpassed expectations. Beyond the immediate financials, IBM's optimistic expectations for robust growth in 2024, driven by consumer demand for AI-based products, ignited investor enthusiasm for the tech giant's future prospects. Alongside this positive outlook for the upcoming year, the company made noteworthy strides by significantly reducing operating expenses and slightly increasing revenue, contributing to an impressive earnings growth of 357% in 2023. This success story reflects IBM's strategic moves and its alignment with the evolving tech landscape.

Major Stock Indices Performance Today...

S&P 500: 0.53%

Dow Jones: 0.64%

NASDAQ: 0.18%



2023 Quarter 4 GDP

Real GDP, the primary measure of America's economic activity adjusted for inflation, reveals a noteworthy rise at an annual rate of 3.3% in Q4 2023. While this is a slight dip from the robust 4.9% growth in the third quarter, it still represents strong economic expansion. So, what fueled this economic activity in the final quarter of 2023? According to the Bureau of Economic Analysis, multiple factors played a role, including increases in consumer spending, exports, government spending, nonresidential fixed investment, private inventory investment, and residential fixed investment.

Delving into consumer spending, there's a notable uptick in demand for food services, healthcare, nondurable products (particularly pharmaceuticals), and recreational goods and vehicles. Beyond recreational and certain nondurable products, consumers seem to be directing more of their spending toward essential items, possibly indicating a sense of necessity in maintaining their current standard of living. While consumers are earning more and have increased disposable income, the pertinent questions arise: What are they spending on? Are they allocating most of their extra income to necessities like food and healthcare? And crucially, are they using various forms of credit to facilitate increased spending? These questions become pivotal as we navigate through 2024. Now, reflecting on your own experience, do you feel that your standard of living or financial situation has improved since last year? How about those around you?

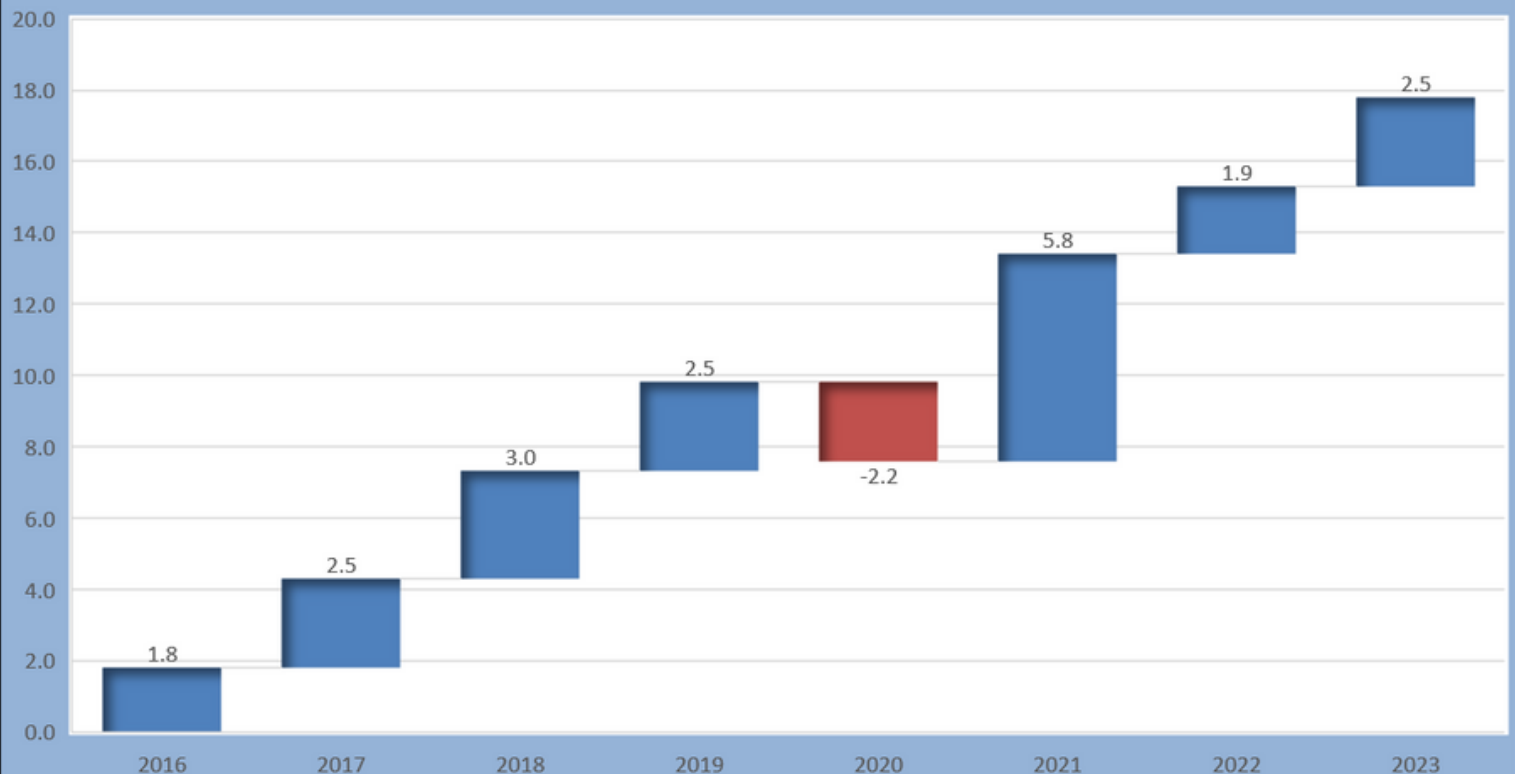


2023 Quarter 4 GDP

Amidst some skepticism about the true strength of consumer spending, it's encouraging to observe increased investment in business-related assets such as intellectual property products, structures, and equipment. Company investments in self-improvement and expansion signify a commitment to overall growth and enhanced productivity.

In terms of income, disposable personal income (income after taxes) experienced a substantial rise of 4.2% in the fourth quarter compared to 2.9% in the third quarter. However, personal saving declined by around 3.8% compared to the third quarter, indicating a decrease in Americans' savings habits. The question that looms large is: If Americans are earning more, why aren't they saving more? The answer to this query is crucial, as it could signify poor spending habits or increasing living expenses cutting into savings.

GDP Growth by Year (%)

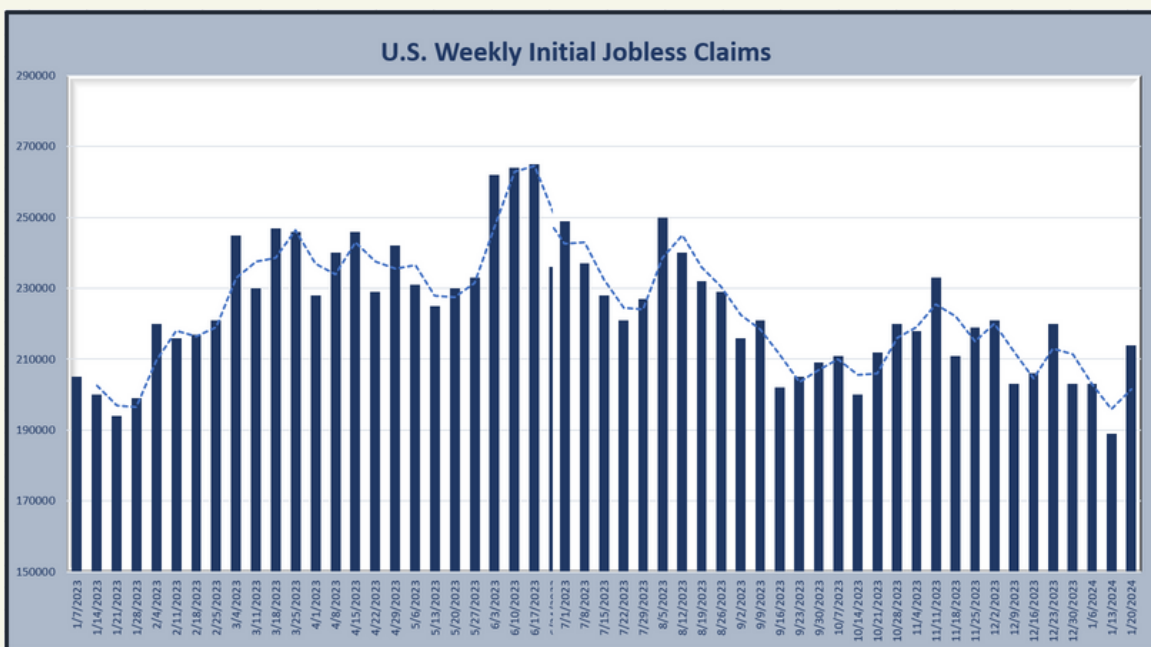


U.S. Initial Jobless Claims for Week ending January 20th

The latest report on initial jobless claims, representing the count of individuals filing for unemployment benefits, reveals a figure of 214,000 for the most recent week. This marks a noteworthy increase of 25,000 compared to the revised level of 189,000 from the previous week. While a spike in jobless claims is concerning for those impacted by job loss, it's essential to contextualize the data within the broader picture. Despite the recent uptick, the current figure remains well below the 2023 average of 226,000. This implies that while there may have been an increase in the number of individuals either losing or leaving their jobs in the last week, the overall separations from employment are lower compared to various other weeks from 2023 and early 2024.

However, it's crucial to remain vigilant, as the emergence of a trend could signal potential concerns.

Examining spending patterns across several major companies reveals a common and increasingly substantial expense: employee compensation. Since the onset of the Covid pandemic, companies have invested significantly in hiring new talent, offering higher wages, and enhancing benefits. While beneficial for the workforce, this expenditure may become unsustainable for companies that haven't generated robust revenue. In such cases, companies facing financial challenges are likely to reassess their expenditures, with employment-related costs often being a prime target.



FRIDAY

Concluding a week brimming with major company earnings, notable players such as American Express, Colgate-Palmolive, and Norfolk Southern, along with several other corporate giants, unveiled their Q4 financial reports.

American Express emerged as a standout performer, showcasing a stellar year marked by robust growth in both interest-based and non-interest revenues. Total revenues, encompassing discount revenue, card fees, service fees, and more, surged by 10%. Meanwhile, income from interest on loans, deposits from other banks, and interest/dividends from various investments witnessed an impressive spike of nearly 60%. Despite challenges posed by the current high-interest-rate environment, American Express navigated effectively, resulting in an overall 11% increase in earnings for 2023. Bolstered by this strong performance and a positive outlook for 2024, the company's stock experienced a growth of over 7% on Friday.

Colgate-Palmolive, a global leader in household and consumer goods, marked a successful year with net sales escalating by nearly 7% and earnings soaring by an astounding 1667% – a leap from \$43 million in 2022 to \$760 million in 2023. The company's remarkable improvement in profitability can be attributed to a strategic reduction in operating expenses and the cost of sales, coupled with robust revenue growth.

While American Express and Colgate-Palmolive boasted impressive financial results for 2023, the same cannot be said for Norfolk Southern. The railway company faced challenges, evident in a 5% decline in total revenues. Compounding the issue, total operating expenses saw a significant uptick of around 17%, driven by increases in compensation & benefits, services & rents, materials, and more. In comparison to 2022, earnings took a substantial hit, plummeting by 44%. The 2024 outlook for Norfolk Southern appears subdued, with revenue growth expected to be a modest 3%.

Major Stock Indices Performance Today...

S&P 500: -0.07%

Dow Jones: 0.16%

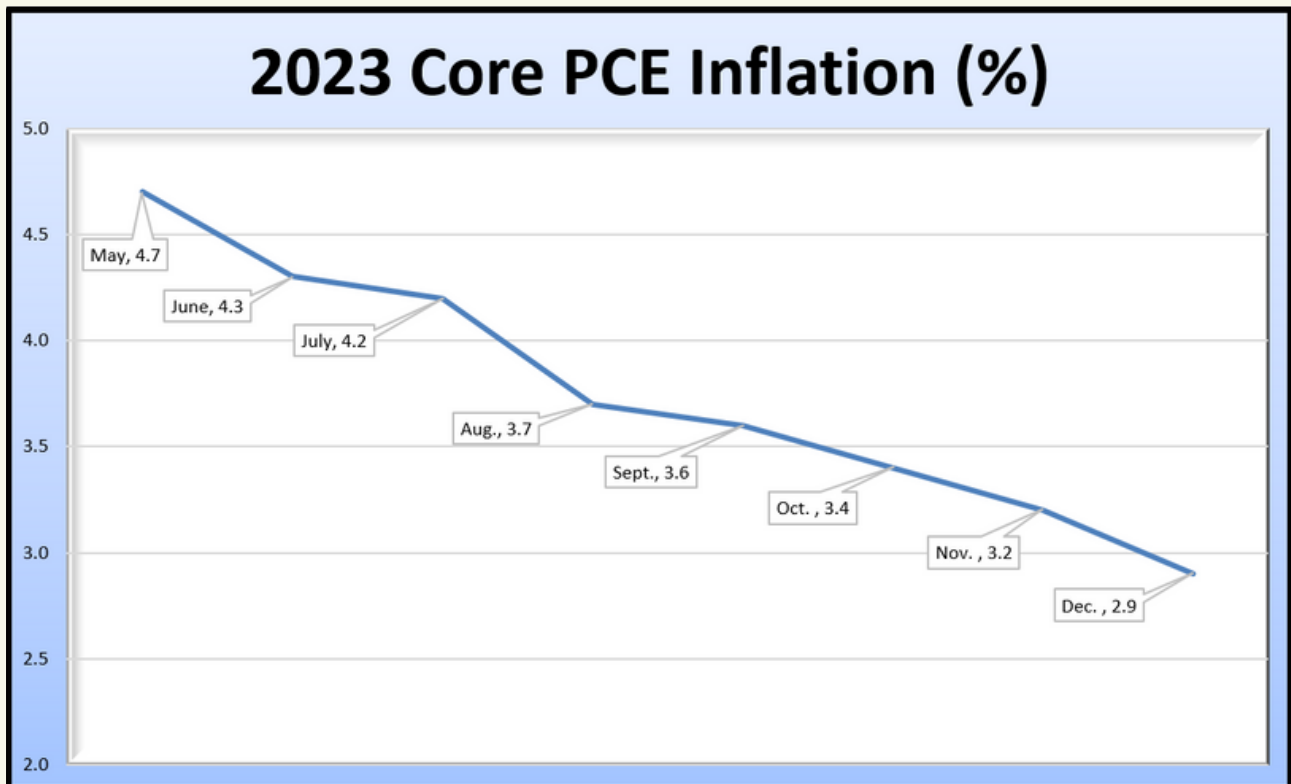
NASDAQ: -0.36%



December Personal Consumption Expenditures

In good news, core PCE inflation, the Federal Reserve's preferred measure excluding food and gas prices, decreased from 3.2% in November 2023 to 2.9% in December 2023. This decline in PCE inflation signals a slowdown, indicating that the pace of price increases across America has moderated. Over just a few months, significant strides have been made in curbing inflation, considering that core PCE inflation stood at 3.7% in August. This progress is indeed encouraging for the overall economic landscape.

Delving into the primary contributors to PCE spending in December, notable sectors included financial services and insurance, driven by portfolio management and investment advice services; healthcare; recreation services, notably gambling; vehicles and parts, especially new light trucks; nondurable goods, with prescription drugs at the forefront; and gasoline. Examining specific price movements, goods and services experienced the most significant price increases in recreational goods and vehicles, led by software; healthcare; and financial services and insurance, particularly driven by service charges, fees, and commissions.



MAJOR STOCK INDEX PERFORMANCE

	S&P 500	Dow Jones Industrial Average	Nasdaq Composite
Percent Change (Monday)	0.22%	0.37%	0.32%
Percent Change (Tuesday)	0.29%	-0.25%	0.43%
Percent Change (Wednesday)	0.08%	-0.26%	0.36%
Percent Change (Thursday)	0.53%	0.64%	0.18%
Percent Change (Friday)	-0.07%	0.16%	-0.36%
Weekly Change	1.06%	0.65%	0.94%

U.S. TREASURY SECURITY YIELDS (IN PERCENT)

	1 Mo	2 Mo	3 Mo	4 Mo	6 Mo	1 Yr	2 Yr	3 Yr	5 Yr	7 Yr	10 Yr	20 Yr	30 Yr
Monday	5.53	5.47	5.46	5.39	5.22	4.83	4.37	4.14	4.03	4.07	4.11	4.44	4.32
Tuesday	5.53	5.46	5.45	5.38	5.21	4.81	4.31	4.16	4.06	4.11	4.14	4.48	4.38
Wednesday	5.52	5.44	5.44	5.4	5.22	4.83	4.34	4.19	4.06	4.14	4.18	4.52	4.41
Thursday	5.54	5.48	5.44	5.39	5.19	4.76	4.28	4.12	4.01	4.07	4.14	4.49	4.38
Friday	5.54	5.45	5.44	5.39	5.19	4.78	4.34	4.15	4.04	4.1	4.15	4.49	4.38

LINKS TO ECONOMIC/FINANCIAL DATA FROM THIS WEEK

2023 Quarter 4 GDP

<https://www.bea.gov/news/2024/gross-domestic-product-fourth-quarter-and-year-2023-advance-estimate>

U.S. Initial Jobless Claims for Week ending January 20th

<https://www.dol.gov/ui/data.pdf>

December Personal Consumption Expenditures

[https://www.bea.gov/news/2024/personal-income-and-outlays-december-](https://www.bea.gov/news/2024/personal-income-and-outlays-december-2023#:~:text=From%20the%20same%20month%20one,energy%20prices%20decreased%202.2%20percent.)

[2023#:~:text=From%20the%20same%20month%20one,energy%20prices%20decreased%202.2%20percent.](https://www.bea.gov/news/2024/personal-income-and-outlays-december-2023#:~:text=From%20the%20same%20month%20one,energy%20prices%20decreased%202.2%20percent.)

DISCLAIMER

Past performance shown is not indicative of future results, which could differ substantially.

The information provided is for educational and informational purposes only and does not constitute investment advice and it should not be relied on as such. It should not be considered a solicitation to buy or an offer to sell a security. It does not take into account any investor's particular investment objectives, strategies, tax status, or investment horizon.

The views expressed in this commentary are subject to change based on market and other conditions. These documents may contain certain statements that may be deemed forward-looking statements. Please note that any such statements are not guarantees of any future performance and actual results or developments may differ materially from those projected. Any projections, market outlooks, or estimates are based upon certain assumptions and should not be construed as indicative of actual events that will occur.

All information has been obtained from sources believed to be reliable, but its accuracy is not guaranteed. There is no representation or warranty as to the current accuracy, reliability, or completeness of, nor liability for, decisions based on such information and it should not be relied on as such.

Serene Financial Solutions, LLC ("serene financial solutions") is a registered investment advisor. Advisory services are only offered to clients or prospective clients where Serene Financial Solutions and its representatives are properly licensed or exempt from licensure.