WEEKLY MARKET PULSE

MONDAY

Major market indices were mostly in the negative on Monday after an interview with Federal Reserve Chair Jerome Powell on "60 Minutes" revealed that he still believed there was a ways to go in determining inflation to be returned to sustainable levels. Markets took this interview in, and lowered their expectations for a rate cut come March. As a result, interest rates on U.S. bonds flew higher.

Company Earnings:

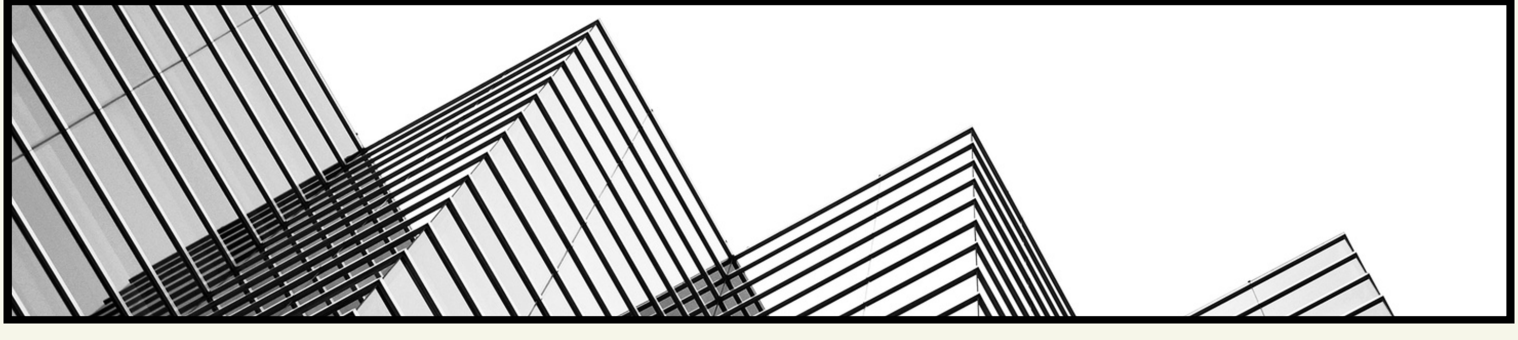
McDonald's performed particularly well over 2023 as the global fast-food chain managed to increase revenues by 10%. This strong sales growth came as a result of effective menu and marketing campaigns, continued reliability in convenience and quality, and delivery growth. On top of strong revenue improvements, the fast-food chain did a great job managing its operating costs and maximizing profitability. Net income, which is revenue after all expenses are paid for, increased 37% over the year, significantly improving the company's earnings per share.

Caterpillar management was very happy to see what they declare as "the best year in our 98-year history" brought about from record annual revenues, profit per share, record adjusted profit per share, and record ME&T free cash flow. The major mining and engineering equipment manufacturer grew annual revenue by nearly 13%, led by increased sales of machinery, energy, and transportation. On top of strong sales growth, the company did a good job of keeping revenues in pocket, increasing profits by a robust 54%.

Estee Lauder cannot say it performed nearly as well as McDonald's or Caterpillar in 2024 as its revenues fell 10% over the year, and its cost of sales increased 6%. All in all, the global cosmetics company brought 58% less take-home in the form of net earnings than the year previous. Despite a tough year, Estee Lauder remains optimistic about future growth, expecting to grow sales in the 2024 fiscal year.

Major Stock Indices Performance Today...

S&P 500: -0.32%　　Dow Jones: -0.71%　　NASDAQ: -0.20%



WEEKLY MARKET PULSE

SERENE FINANCIAL SOLUTIONS

TUESDAY

After a significant increase on Monday, U.S. bond yields sank, with the 10-year going from 4.17% down to 4.09% in just a day.

Company Earnings:

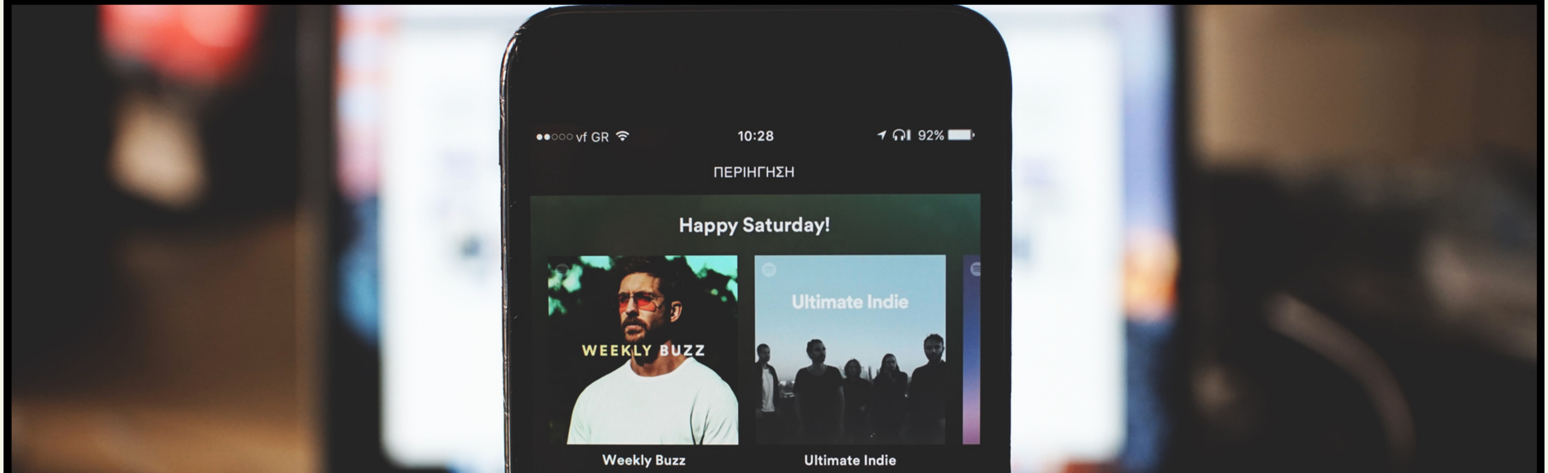
Ford had a much better year than in 2022, increasing its revenues by upwards of 11% thanks to strong growth in sales from trucks, transit vans, gas, and hybrid vehicles (particularly the F-150 and Maverick pickups). On the topic of profitability, Ford made some major moves, transitioning from a negative net income attributable to the company of $1.98 billion to a positive net income of $4.35 billion.

Spotify has done a fantastic job growing the number of monthly listeners it receives (23%) as well as the number of people subscribing to its premium services (15%). As a result of their valued services and marketing efforts, revenue grew by a strong 13% over the year. Despite strong growth in overall operations, its expenses outpaced revenues, leading the company to a 532 million Euros loss.

As Chipotle gains in popularity, so too does its revenue. Over the year 2023, Chipotle's revenues grew by 14.3% thanks to more transactions and higher costs per order. Interestingly, Chipotle does not expect to grow as much as it did in 2023, only expecting revenue to grow in the mid-single digits.

Major Stock Indices Performance Today...

S&P 500: 0.23% Dow Jones: 0.37% NASDAQ: 0.07%



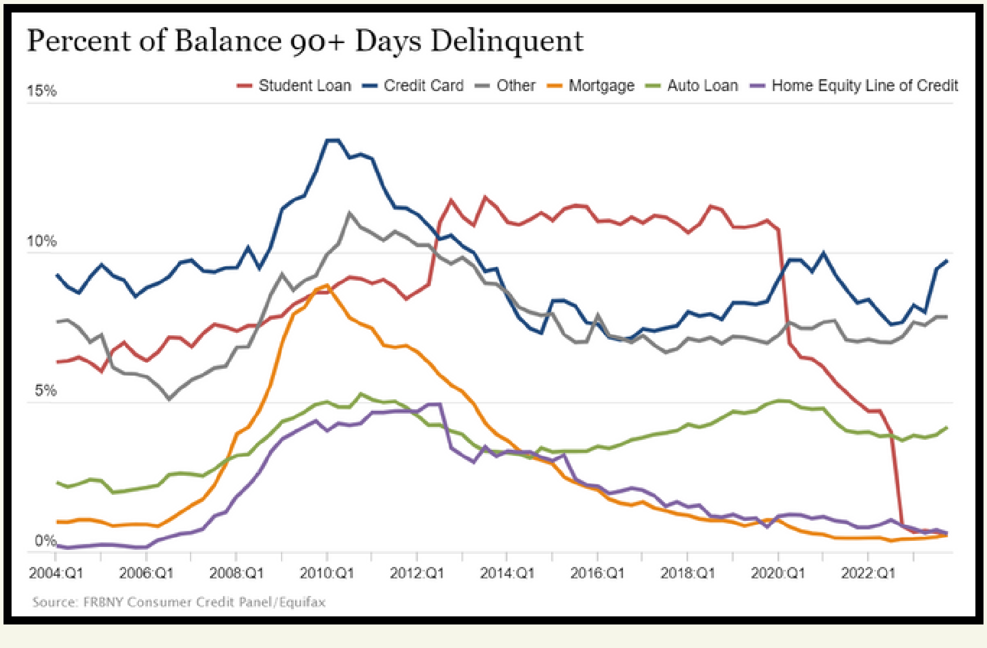
WEEKLY MARKET PULSE

SERENE FINANCIAL SOLUTIONS

Fourth Quarter 2023 Household Debt and Credit Report

In the fourth quarter of 2023, total household debt rose by $212 billion to $17.5 trillion, increasing at a rate of 1.2%. While the addition of two hundred billion dollars to household debt may sound concerning, the rate at which the total debt balance increased was 1.2%, only 0.1% higher than the median (dating back to Q1 2003). Compared to previous quarters, the rate of increasing debt was relatively stable in Q4 2023. Does this mean the fluctuating rates of various forms of debt are all stable compared to historical trends? Not necessarily.

If we delve deeper into the data, credit card debt increased by 4.6% compared to the previous quarter. When comparing this 4.6% increase to the historical median of 1.0%, it's apparent that credit card debt is increasing at a rate far above historical trends. This particular statistic can be fairly concerning because it may suggest that consumers have become over-reliant on credit. For the fourth quarter, a total of 8.5% of credit card balances fell into delinquency. Seeing nearly 1/10th of credit card balances flow into delinquency represents the increasing pressures that the cost of living is having on American households, particularly younger and lower-income households. As more and more Americans fail to meet their credit card payments on time, it's important for you to avoid this narrative and manage your credit appropriately. In November 2023, the Federal Reserve reported an interest rate of 21.47% on commercial bank credit card plans. If you do miss your payment and are left with credit card debt, you will likely be paying upwards of 20% on that debt. Before you make a purchase on your credit card, please ask yourself: Do I have the financial means to pay this back on time? If the answer to this question is not a confident yes, it can be helpful to reconsider making the purchase, possibly saving it for a time when you can ensure you can afford it.



SERENE FINANCIAL
SOLUTIONS

WEEKLY MARKET PULSE

WEDNESDAY

Major stock indices built off gains from Tuesday as investors and analysts digested recent earnings reports.

Company Earnings:

Walt Disney's growth was essentially flat over the quarter, with revenues increasing slightly by 0.2%. Losses in entertainment revenue (Disney+, Hulu, etc.) were the primary driving factor in bringing revenue down, whereas improvements in sports (ESPN, Star, etc.) and experiences revenue (parks, resorts, etc.) balanced out the losses. According to Disney's CEO, earnings and free cash flow growth are expected to continue expanding.

With a significant increase in trips, up by 25%, and bookings, increasing by 21%, Uber had a strong quarter. Revenues increased by 11% compared to the same quarter in 2022. From a profitability perspective, Uber made a complete 180, producing a net income of $221 million compared to a net loss of $1.21 billion in the same quarter of 2022.

PayPal's net revenues were up by 8% over the year, followed by a 13% increase in total payment volume. Thanks to a strong team, talented leadership, effective expense management, and increased popularity, PayPal had a decent 2023, expanding its net income by over 75%.

Major Stock Indices Performance Today...

S&P 500: 0.82% Dow Jones: 0.41% NASDAQ: 0.95%

SERENE FINANCIAL SOLUTIONS

WEEKLY MARKET PULSE

THURSDAY

Stocks ended the day mostly flat after absorbing Wednesday's after-market results from Disney, PayPal, and Uber. U.S. bond yields gained on Thursday, likely due to a decline in weekly initial jobless claims, underscoring the labor market's continued resilience.

Company Earnings:

Cloudflare's annual revenues grew at a strong pace of 33%, representing continued improvements in the company's average deal size, sales force productivity, and customer retention. The cloud cybersecurity company continues to prove its worth in terms of revenue growth; however, as a relatively small/new company, its operating expenses have outpaced revenues. In 2023, the company incurred a total loss of $183.9 million, indicating that the company has some work to do in the profitability department.

In 2023, Hershey managed to increase revenues by 7% and net income by 13%. Hershey's management noted that historic cocoa prices are expected to hinder growth, but they are still confident that effective and innovative operations will help counteract growing expenses. Hershey expects revenue to grow a modest 2% to 3% over the year of 2024.

Major Stock Indices Performance Today...

S&P 500: 0.06% Dow Jones: 0.13% NASDAQ: 0.24%

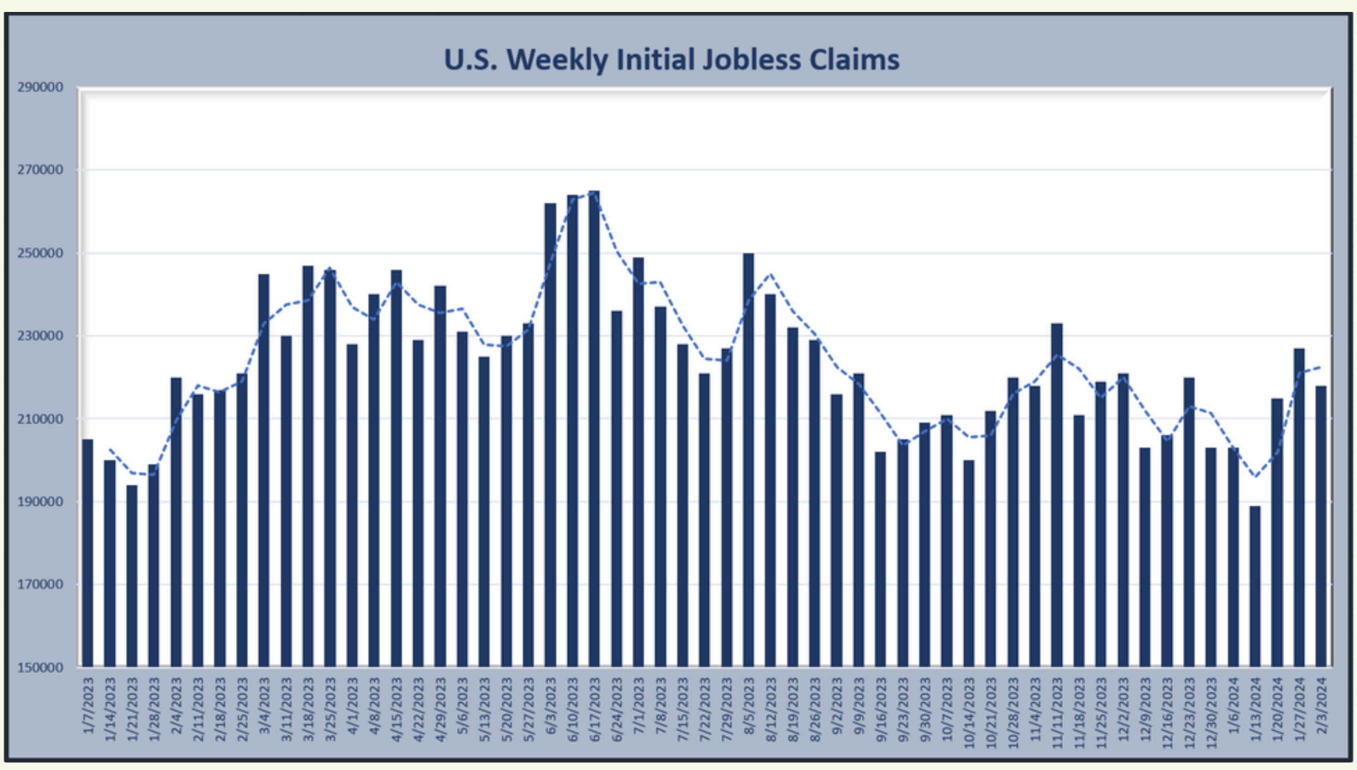
SERENE FINANCIAL SOLUTIONS

WEEKLY MARKET PULSE

U.S. Initial Jobless Claims (Week ending February 3rd)

Initial jobless claims, a representation of the number of people filing for unemployment benefits, fell by 9,000 in the most recent recorded week to 218,000. Many are very impressed by the continued resilience of America's labor market despite announcements from major companies reporting layoffs, particularly in tech. With fewer people leaving their jobs and the average year-over-year weekly initial jobless claims around 7,000 higher than current levels, it's apparent that the U.S. labor market remains strong.

The question for many is whether or not the labor market will remain strong. This is a tough question to answer because predicting the future is impossible, but we do have a few clues as to where the health of the labor market could head as we navigate through 2024. Economists at the Federal Reserve forecast the unemployment rate to tick up slightly in 2024 as its restrictive monetary policy, such as higher interest rates, takes effect on business expenses. Additionally, several major companies, including Google, Amazon, Citigroup, Microsoft, and many more, have reported plans for layoffs that will continue to affect the number of layoffs and new unemployed workers further into the year.



WEEKLY MARKET PULSE

FRIDAY

The S&P 500 and Nasdaq had a relatively good Friday, whereas the Dow Jones fell slightly. Major players in tech took the market's spotlight as names such as Google, Microsoft, and Amazon posted strong gains. Microsoft continues to solidify itself as the largest company in the world over Apple. Thanks to Microsoft's high growth and expectations for its innovations in cloud and AI expected to contribute substantially to the company in coming years, confidence in Microsoft remains on an upward trajectory.

Major Stock Indices Performance Today...

S&P 500: 0.57% Dow Jones: -0.14% NASDAQ: 1.25%

WEEKLY MARKET PULSE

SERENE FINANCIAL SOLUTIONS

First Quarter 2024 Survey of Professional Forecasters

The Federal Reserve Bank of Philadelphia surveyed 34 forecasters representing major financial and educational institutions. Participants in recent surveys have represented Johns Hopkins, Wells Fargo, Visa, Morgan Stanley, etc. Forecasters in this survey reported that the near-term outlook for the American economy has improved compared to three months previous. They expect real GDP to increase by 2.1% in the first quarter of 2024 and decelerate slightly to a 1.5% increase in the second and third quarters. On top of this, they expect the rate of unemployment to increase modestly by 0.1% each quarter this year until going flat in quarter 4. Unemployment currently sits at a rate of 3.7%, and it is expected to increase to 3.8% by the end of this quarter, 3.9% in quarter 2, and then 4% in quarter 3.

Surveyed forecasters further lowered expectations for inflation. Core PCE inflation, the Federal Reserve's preferred measure of inflation, is expected to reach 2.1% by the end of the quarter. This is both a significant drop from their previous forecast of 2.7% and from December's actual Core PCE inflation of 2.9%. Between December and March, Core PCE inflation is expected to fall by 0.8%, which would be a significant improvement if it does occur.

Based on the opinions of forecasters, the primary scenario they seem to expect is a relatively soft landing, which means that inflation will be able to decrease without unemployment increasing substantially and GDP falling significantly. Compared to a near 41% expected chance of negative GDP this quarter three months ago, the expectation is now just slightly higher than 17%. Forecasters are considerably more confident in the near-term economic health of the U.S., which is a great sign. While it doesn't guarantee that any of these forecasts will occur, it does highlight strong confidence in the near-future of America's economy.

Median Forecasts in Current and Previous Surveys

Quarterly Data	REAL GDP (%)		UNEMPLOYMENT RATE (%)		CORE PCE (%)		Negative Quarter Risk	
	PREVIOUS	NEW	PREVIOUS	NEW	PREVIOUS	NEW	PREVIOUS	NEW
2024:Q1	0.8	*2.1*	4	*3.8*	2.7	*2.1*	40.9	*17.3*
2024:Q2	1.3	*1.5*	4	*3.9*	2.4	*2.1*	40.2	*23.9*
2024:Q3	1.5	*1.5*	4.2	*4*	2.3	*2.1*	36.8	*25.6*
2024:Q4	1.7	*1.7*	4.2	*4*	2.2	*2.1*	34.7	*25.6*

MAJOR STOCK INDEX PERFORMANCE

	S&P 500	Dow Jones Industrial Average	Nasdaq Composite
Percent Change (Monday)	-0.32%	-0.71%	-0.20%
Percent Change (Tuesday)	0.23%	0.37%	0.07%
Percent Change (Wednesday)	0.82%	0.41%	0.95%
Percent Change (Thursday)	0.06%	0.13%	0.24%
Percent Change (Friday)	0.57%	-0.14%	1.25%
Weekly Change	1.37%	0.04%	2.31%

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	5.49	5.5	5.42	5.42	5.25	4.87	4.46	4.27	4.13	4.16	4.17	4.46	4.35
Tuesday	5.48	5.5	5.44	5.41	5.23	4.82	4.39	4.14	4.03	4.07	4.09	4.39	4.29
Wednesday	5.47	5.49	5.43	5.4	5.23	4.83	4.41	4.16	4.06	4.09	4.09	4.41	4.31
Thursday	5.49	5.51	5.44	5.42	5.24	4.83	4.46	4.22	4.12	4.15	4.15	4.47	4.36
Friday	5.49	5.51	5.44	5.43	5.26	4.86	4.48	4.25	4.14	4.17	4.17	4.48	4.37

LINKS TO ECONOMIC/FINANCIAL DATA FROM THIS WEEK

Fourth Quarter 2023 Household Debt and Credit Report

https://www.newyorkfed.org/microeconomics/hhdc

U.S. Initial Jobless Claims (Week ending February 3rd):

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

First Quarter 2024 Survey of Professional Forecasters

https://www.philadelphiafed.org/surveys-and-data/real-time-data-research/spf-q1-2024

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