

**MARKETS CLOSED ON  
MONDAY FOR  
PRESIDENTS' DAY**



## TUESDAY

Major market indices ended Tuesday in the red, reflecting investor concerns following recent earnings reports. This underscores the interconnectedness of individual company performance and broader market sentiment.

In a strategic move announced on Monday, Capital One announced its plan to acquire Discover Financial Services, a significant player in the banking, payments, and credit card industry. This significant merger could potentially reshape the competitive landscape of consumer finance if the merger can push past legislative pushback.

### Company earnings:

Walmart reported a 6% increase in revenue for 2023, showcasing its ability to perform in a challenging economic environment. Notably, the company achieved a 32% increase in operating income, driven by cost-efficiency measures such as optimizing product costs and operational overheads. International locations were particularly successful, witnessing a 65% growth in operating income. Sam's Club, the membership warehouse segment, also contributed significantly with an 11.6% rise in operating income. While growth is expected to slow down in 2024, Walmart anticipates a 3-4% revenue increase.

The 2023 housing market slowdown impacted Home Depot, leading to a 3% decrease in revenue. Additionally, higher operating costs resulted in a nearly 10% decline in operating income. Despite these challenges, the company leadership projects a modest 1% growth in overall sales for 2024, reflecting their confidence in navigating the changing market landscape.

### Major Stock Indices Performance Today...

S&P 500: -0.60%

Dow Jones: -0.17%

NASDAQ: -0.92%



## WEDNESDAY

Major stock indices closed mixed on Tuesday, with some sectors performing better than others, as investors awaited the highly anticipated earnings report from Nvidia later in the day.

The Federal Reserve released minutes from their January meeting, providing insight into their decision-making process. The Fed expressed confidence in economic activity, projecting a stronger US economy in 2024 than initially expected in December. While forecasts remain optimistic, concerns exist regarding the pace of inflation, specifically whether it might stagnate or rise again. The Fed emphasized their desire to see steady inflation reduction before considering interest rate cuts. It's crucial to remember that future data will significantly impact the Fed's interest rate path. If inflation starts to pick up, higher interest rates may persist for a longer period.

### Company Earnings:

Nvidia reported a remarkable year, exceeding expectations with a 265% increase in revenue compared to the previous year. This represents a record-breaking year for the company, driven by global demand for its accelerated computing and generative AI products. Profitability also soared, with operating income increasing by over 980% while operating expenses remained relatively stable. The data center segment significantly outperformed other sectors, expanding revenue by 217% due to innovations in cloud and AI technologies, and collaborations with major players like AWS and Google. Looking towards the future, Nvidia expects first-quarter 2024 revenue (Q1 fiscal year 2025) to remain flat or fluctuate by 2%.

### Major Stock Indices Performance Today...

S&P 500: 0.13%

Dow Jones: 0.12%

NASDAQ: -0.32%



## THURSDAY

Nvidia took markets by storm. Being that Nvidia reported its earnings post-market hours on Wednesday, markets didn't start reacting to Nvidia's electric growth until Thursday. Thanks to its strong earnings growth, Nvidia's stock value rose over 16%, pushing the S&P 500 and Nasdaq up with it.

### Company Earnings:

Block, the parent company of Square and Cash App, reported a positive year compared to 2022, with net revenue increasing by over 25%. Similarly, gross profit saw a 25% rise, taking into account expenses from transactions, subscriptions, services, and Bitcoin. Block demonstrated efficiency in revenue growth and cost management, however, high operating expenses resulted in a negative profit margin (still a notable improvement compared to the previous year). Looking ahead, the company anticipates a 17% increase in revenue for the current quarter compared to Q1 2023.

### Major Stock Indices Performance Today...

S&P 500: 2.11%

Dow Jones: 1.18%

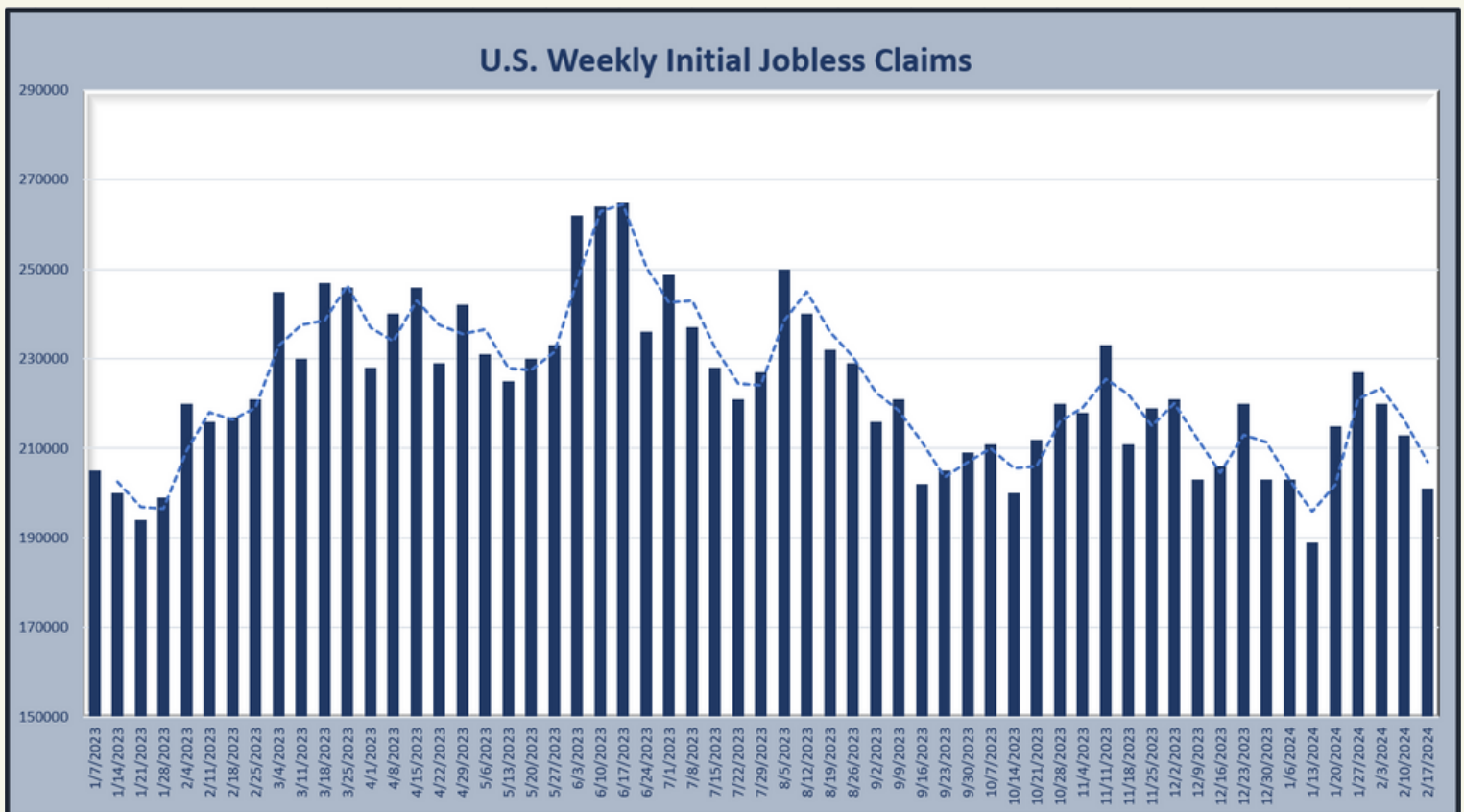
NASDAQ: 2.96%



## U.S. Initial Jobless Claims (Week ending February 17th)

The latest data on initial jobless claims, often used to gauge the health of the labor market, showed continued improvement. The number of first-time unemployment benefit applications dropped to 201,000 for the week ending February 17th, down from the previously revised level of 213,000. This marks a three-week trend of decline in initial claims. Additionally, claims for the same week are lower compared to the same period in February 2023.

These falling figures suggest that fewer individuals are entering unemployment and require unemployment benefits. This points towards a relatively robust labor market in the United States. However, it is crucial to remember that jobless claims are just one indicator of the labor market's health, and continuous monitoring of other labor market-related data is essential for a comprehensive understanding.



## January 2024 Chicago Fed National Activity Index (CFNAI)

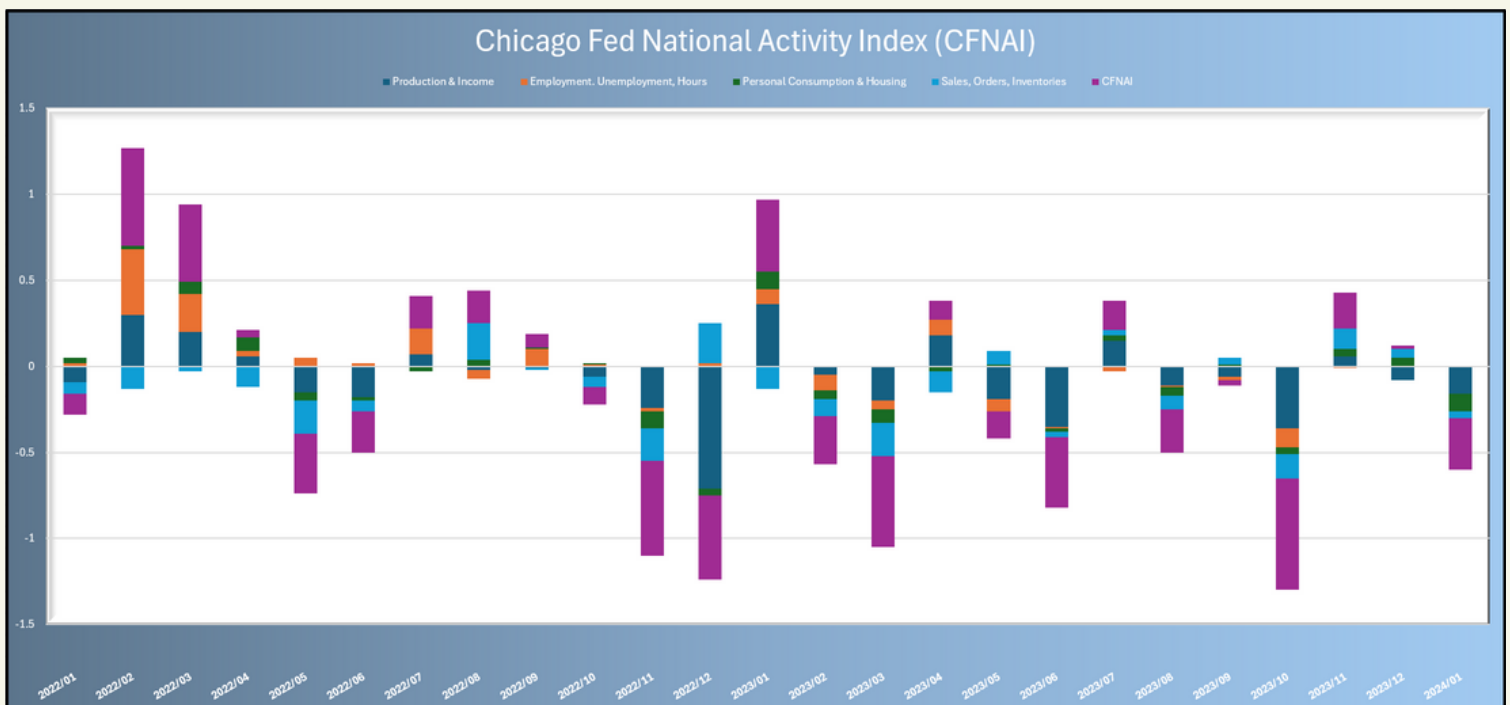
The Chicago Fed National Activity Index (CFNAI) is a valuable tool for understanding economic trends in the United States. It combines data from 85 indicators across four key categories:

**Production & Income:** Reflects industrial output (e.g., manufacturing production levels), business income (e.g., company profits), and other related measures.

**Employment, Unemployment, & Hours:** Tracks the number of employed individuals, the unemployment rate, and average working hours.

**Personal Consumption & Housing:** Measures consumer spending (e.g., retail sales, spending on services), housing starts (new construction projects), and building permits (authorizations to build).

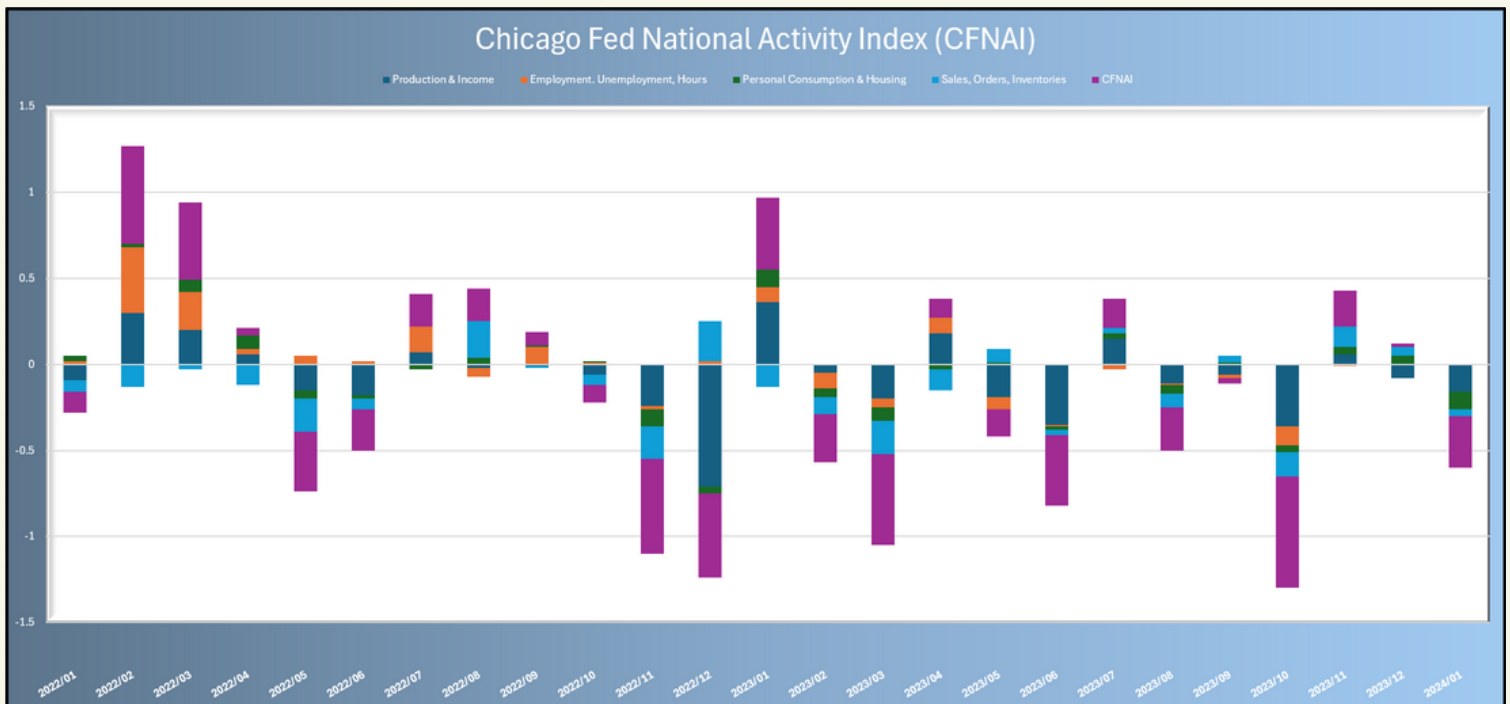
**Sales, Orders, & Inventories:** Tracks retail and wholesale sales, new orders placed for goods (indicating future demand), and inventory levels held by businesses.



## January 2024 Chicago Fed National Activity Index (CFNAI)

**Negative Signals:** Three categories, Production & Income, Personal Consumption & Housing, and Sales, Orders, & Inventories, all worsened in January. This points towards potential concerns in specific areas of the economy, such as a potential slowdown in industrial activity, reduced consumer spending, and a softening housing market. These declines could indicate a potential for slower economic growth in the coming months.

**Stagnant Signal:** Interestingly, the Employment, Unemployment, & Hours category remained stagnant compared to December. While this doesn't necessarily signify negative developments, it indicates the job market isn't experiencing significant growth or contraction at this time. This stability may be seen as positive for workers, but it also suggests a lack of strong upward momentum in hiring.



## FRIDAY

After Thursday's market rally, largely influenced by Nvidia, major market indices moderated. Block, however, had a great Friday as its stock value rose over 16% over the day. Investors were happy to see the financial services company produce stronger-than-expected growth in the company's revenue and profitability.

The yield on the 10-year Treasury note remained relatively unchanged throughout the week, currently standing at 4.26%. This stability suggests investors are currently cautiously optimistic about the economic outlook, waiting for further data before expecting significant changes in interest rates.

The market currently assigns the highest probability (61.2%) of a rate cut happening in June or later. Chances of rates remaining at current levels are estimated at 97% for March and 76.4% for May. This indicates that while some anticipate a potential rate cut later in the year, the near future is expected to see continued stability in high interest rates.

### Major Stock Indices Performance Today...

S&P 500: 0.03%

Dow Jones: 0.16%

NASDAQ: -0.28%





# MAJOR STOCK INDEX PERFORMANCE

	S&P 500	Dow Jones Industrial Average	Nasdaq Composite
Percent Change (Monday)	Markets Closed for Presidents' Day	Markets Closed for Presidents' Day	Markets Closed for Presidents' Day
Percent Change (Tuesday)	-0.60%	-0.17%	-0.92%
Percent Change (Wednesday)	0.13%	0.12%	-0.32%
Percent Change (Thursday)	2.11%	1.18%	2.96%
Percent Change (Friday)	0.03%	0.16%	-0.28%
Weekly Change	1.66%	1.30%	1.40%

# 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	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Tuesday	5.49	5.49	5.44	5.45	5.32	4.97	4.59	4.38	4.25	4.28	4.27	4.56	4.44
Wednesday	5.5	5.5	5.44	5.45	5.32	4.98	4.64	4.43	4.3	4.33	4.32	4.59	4.49
Thursday	5.49	5.51	5.45	5.45	5.32	5.02	4.69	4.49	4.33	4.35	4.33	4.58	4.47
Friday	5.49	5.51	5.46	5.46	5.32	5	4.67	4.45	4.28	4.28	4.26	4.51	4.37

# **LINKS TO ECONOMIC/FINANCIAL DATA FROM THIS WEEK**

## **January 2024 Fed Minutes**

[https://www.federalreserve.gov/monetarypolicy/  
fomccalendars.htm](https://www.federalreserve.gov/monetarypolicy/fomccalendars.htm)

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

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

## **January 2024 Chicago Fed National Activity Index**

[https://www.chicagofed.org/research/data/cfnai/  
current-data](https://www.chicagofed.org/research/data/cfnai/current-data)

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