

## MONDAY

Bitcoin is positioning itself back into the spotlight for crypto investors as it continues climbing to new heights. The popular cryptocurrency reached its highest valuation since late 2021, marking strong growth. If Bitcoin continues on its recent upward trend, there is a possibility that it could surpass its all-time high.

### Company Earnings:

Workday, an innovator in providing cloud-based, workplace-related solutions for financial and human capital management, improved revenue by 17% over the year to \$7.3 billion. In terms of profitability, the company has made a 180 since the year previous, going from a negative net income (total revenue after subtracting all expenses) of \$367 million to a positive \$1.38 billion. Management is very optimistic coming into 2024, and the company expects subscription revenue to grow between 17% to 18% during the year.

Zoom, a video communications community gaining much of its popularity during the COVID pandemic, experienced a slight increase in revenue of 3.1%. While Zoom's revenue has slowed since the pandemic, the company has improved profitability by reducing its costs of revenue and sales & marketing expenses. Operating income over the past year rose over 110% thanks to the combination of higher revenue and decreased costs. Recently, Zoom introduced its "Zoom AI Companion" to boost the platform's overall value for customers; however, the company only expects a slight increase in revenue of around 1% for the year.

### Major Stock Indices Performance Today...

S&P 500: -0.38%

Dow Jones: -0.16%

NASDAQ: -0.13%



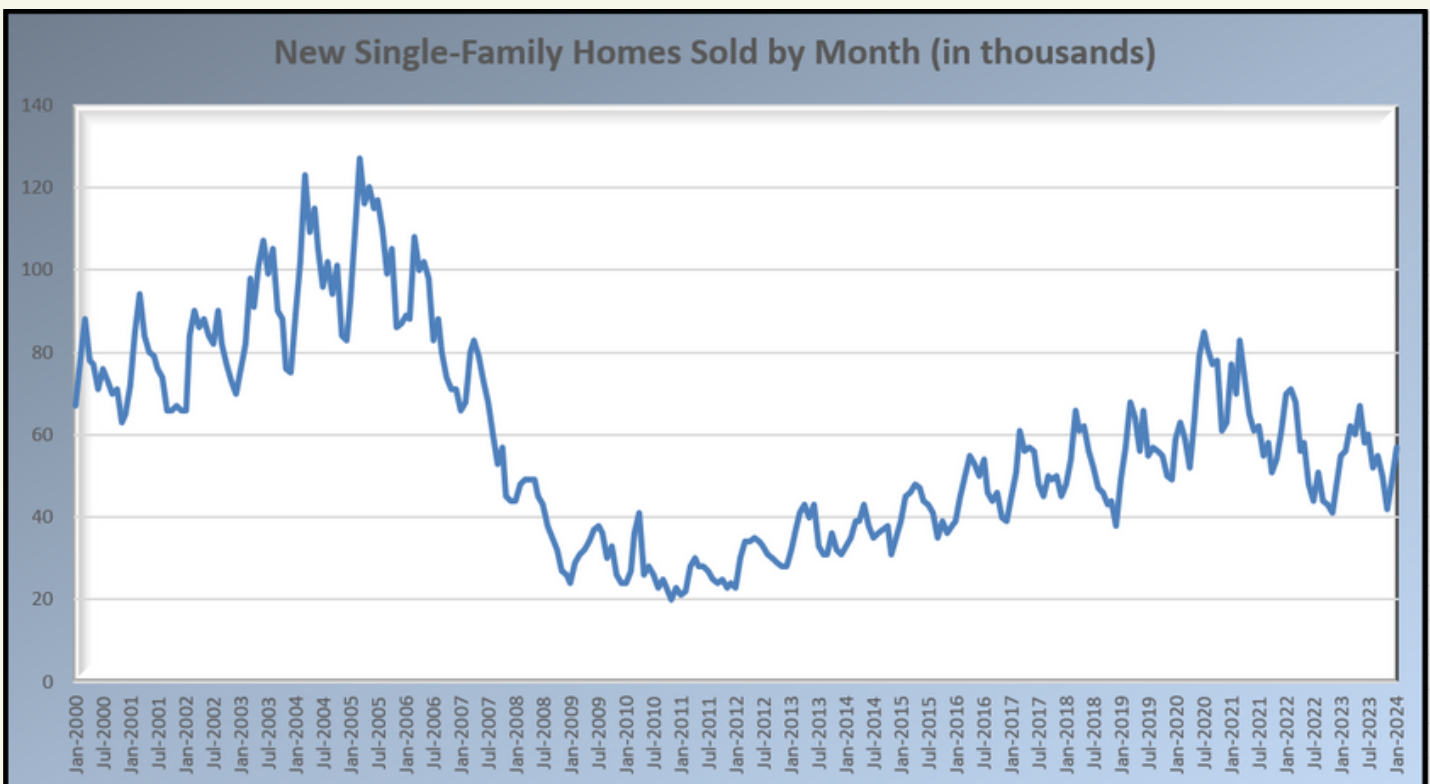
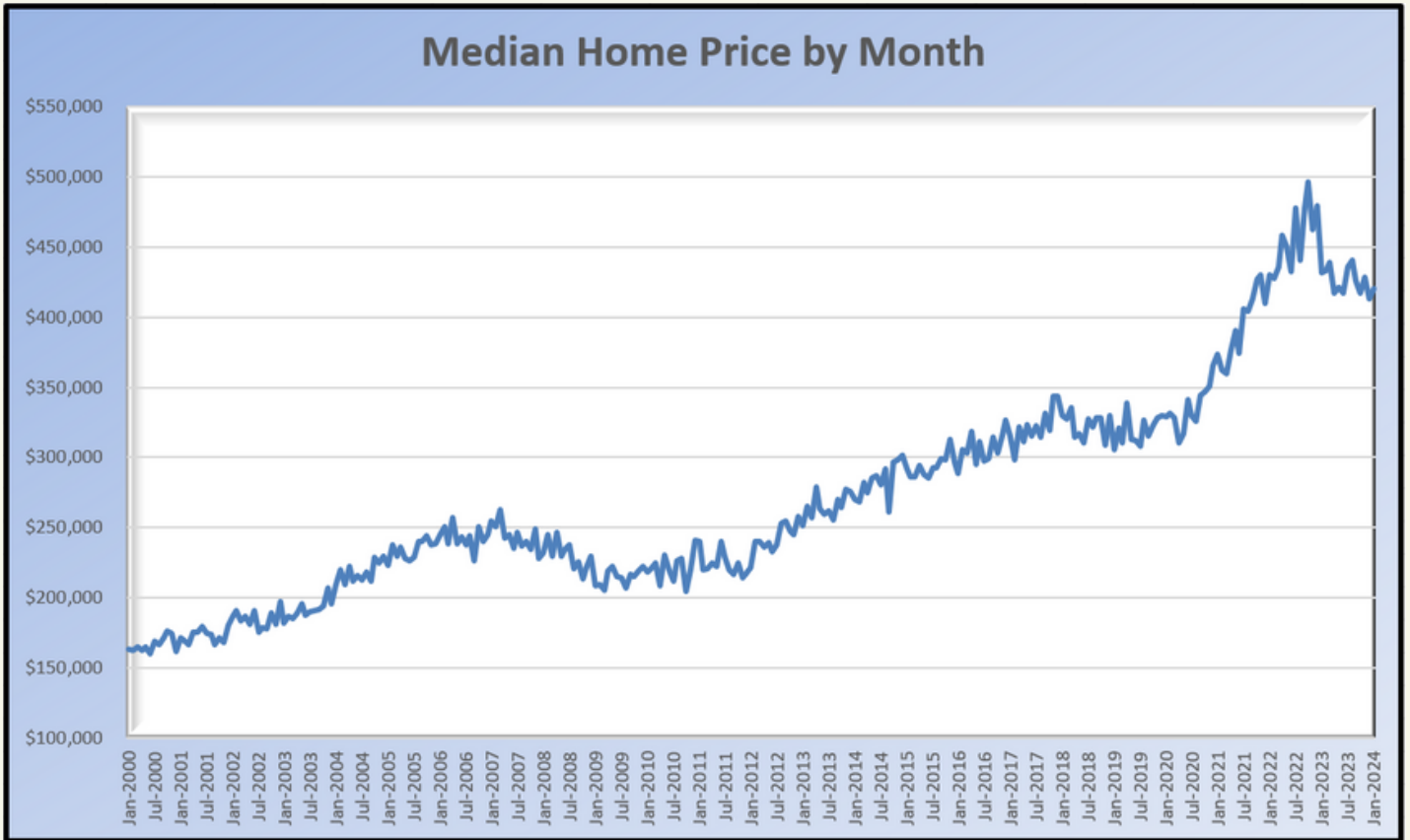
## January 2024 New Residential Sales

New Home Sales in January were up both compared to December 2023 and January 2023, representing a month-over-month and year-over-year increase. Compared to the previous month, new home sales increased 1.5% and compared to a year previous, new home sales increased 1.8%. So why are home sales suddenly increasing with rates at such high levels? Consumers and home investors are likely taking advantage of a combination of fairly low prices from December to January compared to the rest of the year and lower interest rates. The catalyst behind the dip in interest rates can be traced back to expectations of an imminent rate cut in financial markets. This speculation influenced the 10-year U.S. Treasury bond rates, prompting investors to flock to bonds for their higher yields. Consequently, bond prices rose, yields dropped, and interest rates on mortgage loans followed suit. This presented an opportune moment for homebuyers seeking more budget-friendly options.

As of January, the median sale price of a new home was \$420,000 and the average price was \$534,000. This \$534,000 average, pushed up from higher-priced homes, is the highest new home average sales price since 2022. Thanks to the opportunities provided by lower mortgage rates, the number of homes purchased above \$750,000 increased by over 60% compared to December. Something important to keep in mind is that mortgage rates were still fairly high during January, in the 6.60% to 6.70% range. If an average mortgage rate in that range can increase the demand for new homes, demand will likely start to pick up more over the year as the Fed cuts rates (likely to happen but not certain). While this will present an opportunity for those looking to purchase a home to find a home they want at a more affordable rate, housing prices will likely start picking up given demand increases. While so much can happen between now and the time the Fed starts rate cuts, inflation is likely to start heating up again if significant demand for housing follows rate cuts.

New home demand is increasing, but it is also important to keep in mind that the number of new homes for sale at the end of the period steadily increased over 2023. Compared to January 2023, the number of homes that remained for sale by the end of the period was up approximately 3.9% to 456,000. In addition, the median amount of time it took for a home to sell was around 2.8 months, compared to 2.5 months in December 2023 and 2.4 months in January 2023. Despite homes taking a longer time to be sold in January 2024, the time remains far below the historical average of 5.04 months.





## TUESDAY

In the Conference Board's most recent report on Consumer Confidence, data indicated that consumers are less confident about financial conditions today and in the future. Based on the opinions of consumers, they expect a recession within the next year to be more likely, and they also expect business and labor market conditions to worsen. Additionally, consumers believe that current business conditions, labor conditions, and their financial situation are declining. Around 21% of consumers believe business conditions are good and 41% believe jobs are plentiful. Interestingly, these more challenging financial and economic conditions are having the greatest impact on households earning between \$15,000 and \$125,000. That said, the most affected households appear to be those part of the lower and middle class.

### Company earnings:

Lowe's, known for its home improvement products, fell victim to slower activity in the housing market over 2023. Net sales were down around 11% to \$86.4 billion. In 2024, Lowe's expects sales to continue falling, with revenue guidance for the year between \$84 and \$85 billion. If housing demand starts picking up this year once the Federal Reserve decreases interest rates (not certain but likely), Lowe's revenue could start to pick up. Despite decreased revenue, Lowe's did a good job of minimizing expenses, which positioned the company to improve operating income by nearly 14% to \$11.6 billion.

### Major Stock Indices Performance Today...

S&P 500: 0.17%

Dow Jones: -0.25%

NASDAQ: 0.37%



## January 2024 Advance Durable Goods Shipments, Inventories, and Orders

Included in this report is data on shipments, inventories, and orders for durable products such as computers and other electronics, motor vehicles and parts, machinery, etc. New orders for all new goods were down 6.1% in January, marking the greatest month-over-month decrease since April 2020. Shipments were also down for the month, experiencing the most significant monthly decline since February 2021 (-0.9%).

Specific durable goods that experienced declines in new orders over the month included nondefense aircraft and parts (commercial aircraft), transportation equipment, and capital goods (goods used to make other products). On the other hand, defense capital goods, defense aircraft, and computers experienced increases in new orders. Overall, the recent decline in new orders could be attributed to a variety of reasons: lower demand, price fluctuations, increased supply, etc.

Durable Goods Type	January 2024 New Orders (\$)	Month-to-Month Change (%)
<b>Total New Orders</b>	\$ 276,652.00	-6.1
<b>Primary metals</b>	\$ 26,373.00	-1.7
<b>Fabricated metal products</b>	\$ 36,114.00	-0.9
<b>Machinery</b>	\$ 37,232.00	0.0
<b>Computers and electronic products</b>	\$ 25,219.00	1.4
Computers and related products	\$ 2,207.00	5.8
Communications equipment	\$ 2,997.00	-8.4
<b>Electrical equipment, appliances, and components</b>	\$ 14,310.00	0.9
<b>Transportation equipment</b>	\$ 89,774.00	-16.2
Motor vehicles and parts	\$ 60,742.00	-0.4
Nondefense aircraft and parts	\$ 13,732.00	-58.9
Defense aircraft and parts	\$ 4,351.00	2.6
<b>All other durable goods</b>	\$ 47,630.00	-0.5
<b>Capital goods</b>	\$ 96,651.00	-15.0
Nondefense capital goods	\$ 82,678.00	-19.4
Excluding aircraft	\$ 73,720.00	0.1
Defense capital goods	\$ 13,973.00	24.2

## WEDNESDAY

In the second release of GDP, real GDP (adjusted for inflation) was estimated to have a slight decrease from 3.3% to 3.2% in Q4 2023. This revision was largely driven by decreased private inventory spending (tracking changes in private inventory) and partially influenced by higher spending by state and local governments and consumers.

### Company Earnings:

Salesforce, a customer relationship software leveraging cloud-based solutions to enhance companies' productivity and effectiveness, experienced an 11% increase in revenues, reaching \$34.9 billion. After factoring in costs of revenues and various operating expenses, Salesforce's operating income stood at \$5.01 billion—over 385% higher than the previous year. With notable enhancements in net income, growing revenue, and increased cash flow, Salesforce introduced a quarterly dividend of \$0.40 per share. Looking forward, Salesforce anticipates sustained growth, with a projected 9% increase in revenue over the upcoming year.

Shifting focus to Snowflake, a cloud-based tech company specializing in utilizing data to provide insights to businesses, it enjoyed a robust year with a 38% surge in product revenue, totaling \$2.67 billion. In the most recent quarter, the tech company reported an impressive 461 customers with trailing yearly revenue exceeding \$1 million, showcasing a strong base of high-paying clients. Despite experiencing substantial growth throughout the year, Snowflake incurred a greater net loss than the previous year after deducting expenses from revenue. The total net loss for the company increased by 5%, reaching nearly \$840 million. Looking ahead to the next year of operations, Snowflake expects to sustain its growth momentum, forecasting an approximately 22% increase.

### Major Stock Indices Performance Today...

S&P 500: -0.17%

Dow Jones: -0.06%

NASDAQ: -0.55%

## THURSDAY

Based on data from the National Association of Realtors, pending home sales fell by 4.9% from December 2023 to January 2024, indicating that existing home sales are likely to decline in the coming month or two. While pending sales increased slightly in the Northeast and West, pending sales in the South and Midwest declined significantly.

### Company Earnings:

Dell Technologies, a company renowned for its IT infrastructure, AI-based services, and laptops, faced challenges in terms of growth this year. Throughout the year, revenue experienced a 14% decline, dropping to \$88 billion, primarily driven by reductions in revenue from its client services and infrastructure solutions groups. Despite a decrease in spending on selling, general, & administrative expenses, the company's operating income fell by approximately 11%. Anticipating an increased demand for Dell's AI solutions, the company expects revenue to rebound in the new year, ranging between \$91 and \$95 billion.

### Major Stock Indices Performance Today...

S&P 500: 0.52%

Dow Jones: 0.12%

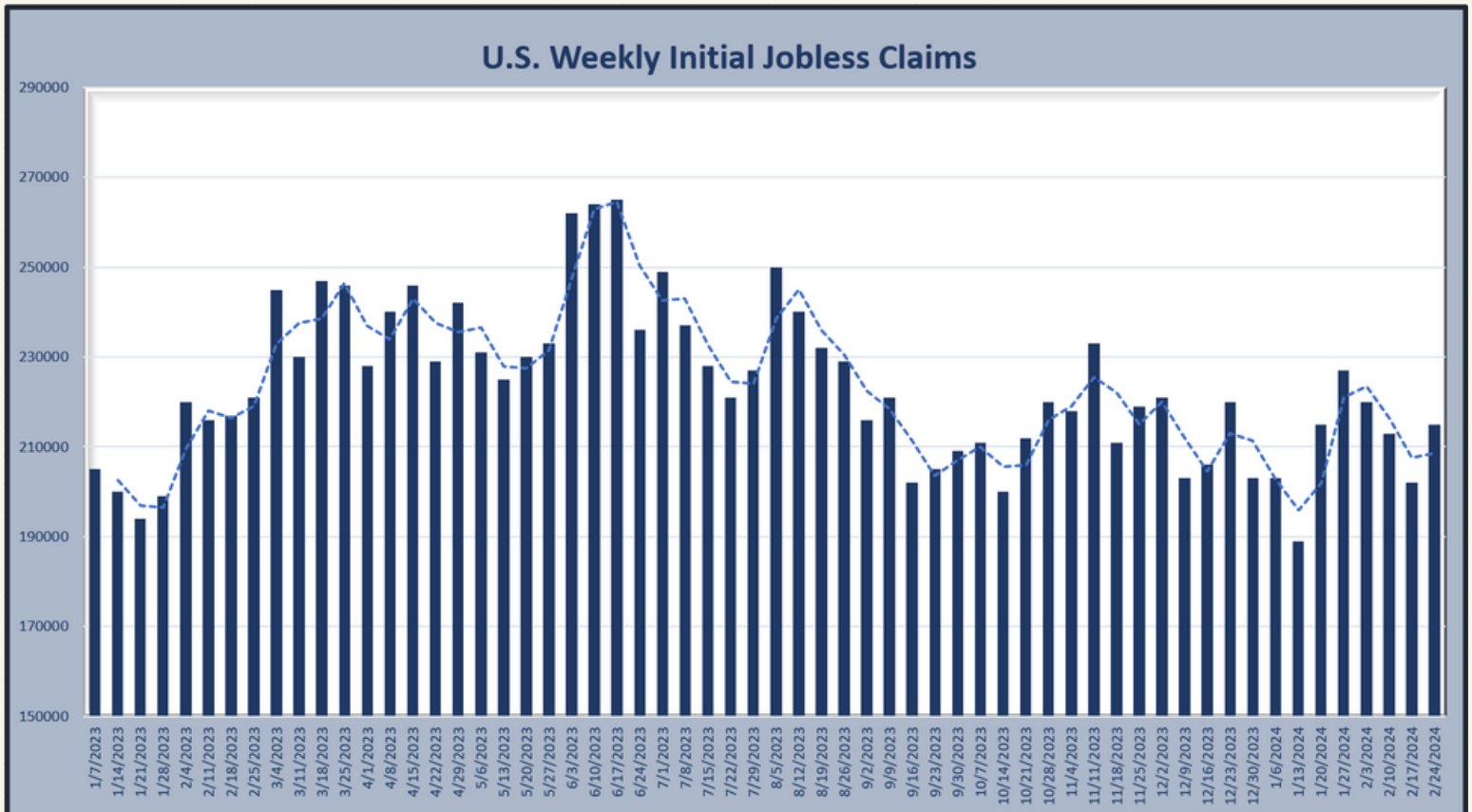
NASDAQ: 0.90%



## U.S. Initial Jobless Claims (Week ending February 24th)

Initial jobless claims, representing the number of individuals filing for unemployment benefits, rose by 13,000 over the most recently recorded week to 215,000. This marked a substantial increase from the previous week; however, initial claims for the week remained lower than the 221,000 recorded in the same week last year. While consumers, as indicated by the Consumer Board, are not as optimistic about the labor market, the relatively low number of initial claims suggests that layoffs are not very prevalent.

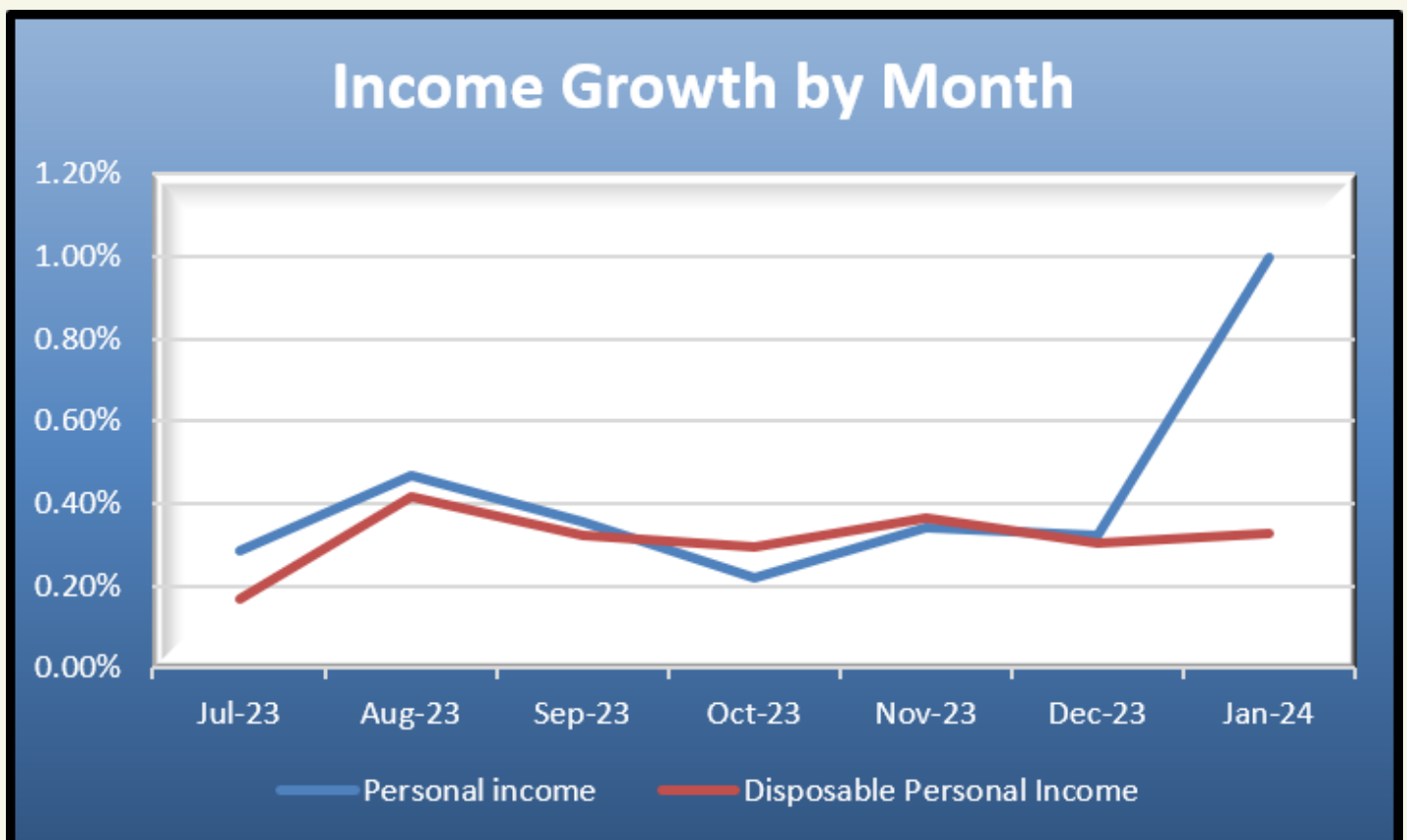
If initial jobless claims continue to increase, however, this scenario could change. As mentioned in previous articles, several companies are announcing plans for layoffs to reduce costs and increase efficiencies.





## January 2024 Personal Income and PCE Inflation

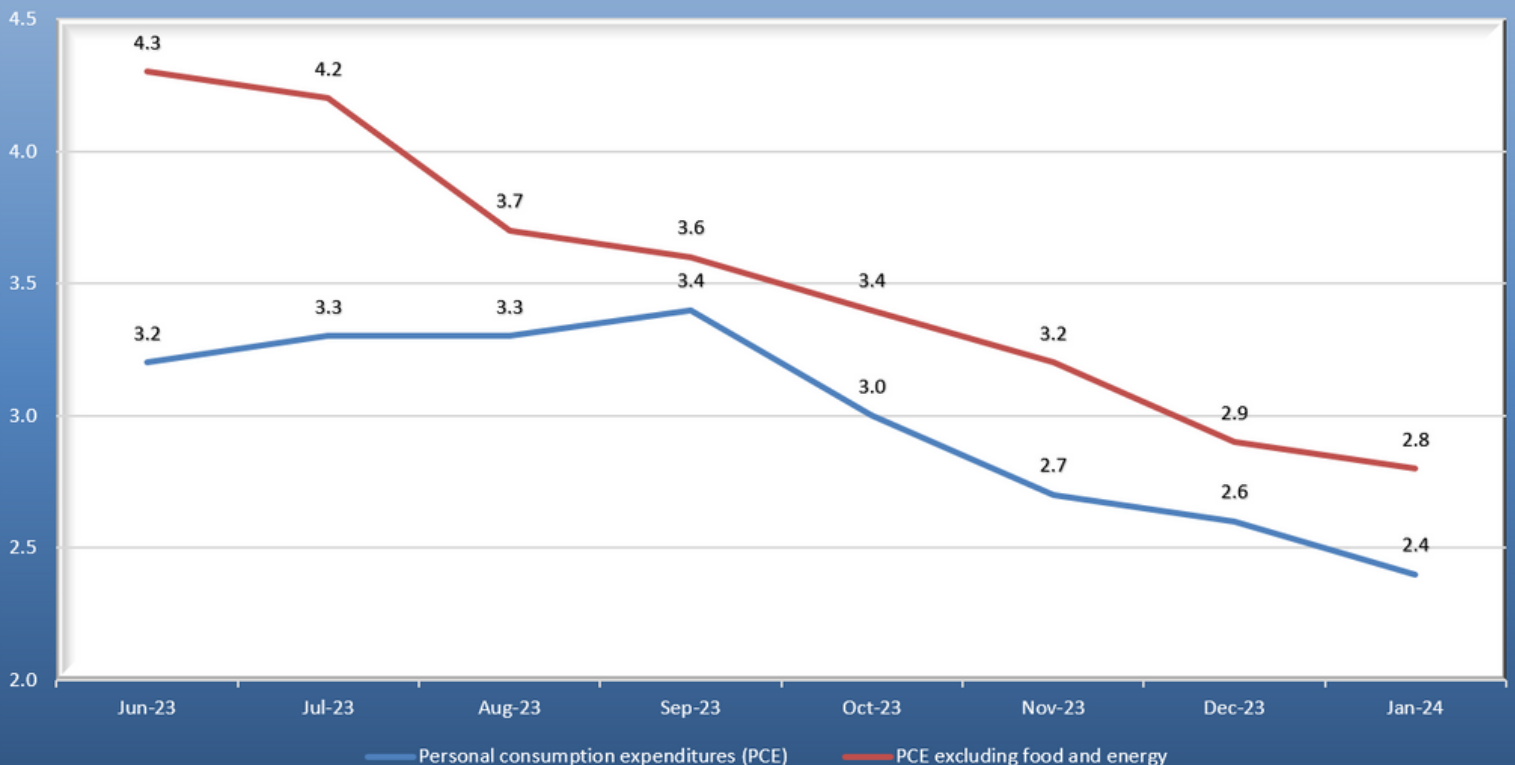
From December to January, personal income (income from all sources: work, government, financial assets, etc.) for American households rose by 1%. Employee compensation increased by 0.4%, signaling that employees are receiving higher pay. However, this 0.4% rise is relatively low compared to recent months, suggesting that compensation growth slowed in January. Additionally, rental income earned by landlords surged by a substantial 1.6%, compared to the previous 6-month average of only 0.5%. This sudden increase in rental income may indicate that rental prices went up in January. Income from transfer payments also rose significantly by 2.61%, compared to the previous 6-month average of -0.20%. Transfer payments include government social benefits such as Social Security, Medicare, Medicaid, unemployment insurance, and Veterans' benefits. Social Security led transfer payments with an increase of 3.47% from December. While it's overall positive that households earned more money in January, increases in income can often exert upward pressure on inflation. When people make more money, they 1. Spend more and 2. Can better afford higher prices. As a result, prices often increase as income increases. This could potentially have an effect on inflation in the near term.



## January 2024 Personal Income and PCE Inflation

Personal consumption expenditures (PCE), which measure consumer spending on goods and services, rose 0.3% over the month and 2.4% compared to last January. Monthly spending continued to increase with rises in personal income, but spending compared to a year ago has slowed compared to previous months. This is a positive sign and indicates downward pressure on inflation overall. It's also important to factor in core PCE inflation, which excludes volatile prices from food and energy. Core PCE inflation is also slowing down toward its 2% target, but its rate of growth is decreasing at a relatively slow rate. Also, it's important to note that when I mention inflation is slowing, that does not mean that overall prices are falling in the United States; rather, they are increasing at a slower rate. So if you hear from me or news articles that inflation is slowing, but you are confused why prices are still high and increasing, it's because they are still increasing.

PCE and Core PCE Inflation by Month (%)



## FRIDAY

Tech stocks rallied on Friday after Dell reported high growth in its AI solutions segment of business. The hype around AI has yet to die down, and it seems to even be increasing as tech companies report earnings. In regards to the stock market, optimism is high due to expectations that the innovations brought from advancements in AI will push company earnings higher in the long term. While there is no doubt at all that AI is of immense use and value to companies and consumers, the question is now being raised of whether the hype surrounding AI has led to overvaluations in the stock market. To provide an idea of just how optimistic investors are about AI, Dell's stock value rose over 30% on Friday as a result investors expect AI to drive its earnings coming into 2024.

### Major Stock Indices Performance Today...

S&P 500: 0.80%

Dow Jones: 0.23%

NASDAQ: 1.14%



# MAJOR STOCK INDEX PERFORMANCE

	S&P 500	Dow Jones Industrial Average	Nasdaq Composite
Percent Change (Monday)	-0.38%	-0.16%	-0.13%
Percent Change (Tuesday)	0.17%	-0.25%	0.37%
Percent Change (Wednesday)	-0.17%	-0.06%	-0.55%
Percent Change (Thursday)	0.52%	0.12%	0.90%
Percent Change (Friday)	0.80%	0.23%	1.14%
Weekly Change	0.95%	-0.11%	1.74%

# 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	5.5	5.52	5.47	5.47	5.34	5.03	4.69	4.48	4.29	4.32	4.28	4.53	4.4
Tuesday	5.5	5.52	5.45	5.47	5.33	5.03	4.7	4.5	4.32	4.34	4.31	4.57	4.44
Wednesday	5.5	5.51	5.45	5.43	5.31	5	4.64	4.44	4.26	4.28	4.27	4.53	4.4
Thursday	5.53	5.5	5.45	5.43	5.3	5.01	4.64	4.43	4.26	4.28	4.25	4.51	4.38
Friday	5.54	5.49	5.42	5.41	5.27	4.94	4.54	4.32	4.17	4.2	4.19	4.46	4.33

# LINKS TO ECONOMIC/FINANCIAL DATA FROM THIS WEEK

## January 2024 New Residential Sales

<https://www.census.gov/construction/nrs/current/index.html>

## Conference Board Consumer Confidence

<https://www.conference-board.org/data/consumerconfidence.cfm>

## January 2024 Advance Durable Goods Shipments, Inventories, and Orders

<https://www.census.gov/manufacturing/m3/prel/pdf/s-i-o.pdf>

## GDP Second Release

<https://www.bea.gov/data/gdp/gross-domestic-product>

## NAR Pending Home Sales

<https://www.nar.realtor/newsroom/pending-home-sales-receded-4-9-in-january>

## U.S. Initial Jobless Claims (Week ending February 24th)

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

## January 2024 Personal Income and PCE Inflation

[https://www.bea.gov/news/2024/personal-income-and-outlays-january-](https://www.bea.gov/news/2024/personal-income-and-outlays-january-2024)

[2024](https://www.bea.gov/news/2024/personal-income-and-outlays-january-2024)

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