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WEEKLY MARKET PULSE

MONDAY

In the backdrop of market volatility, the major stock market indices concluded the day in the negative. Amidst this, however, a notable narrative unfolds with AI-driven companies, exemplified by strong performance from Nvidia.

Artificial Intelligence has emerged as one of the most popular industries to invest in. In the face of market uncertainties, several AI-driven companies, particularly exemplified by Nvidia, stand resilient, providing investors with a source of optimism and strategic opportunities.

Both Bitcoin and gold experienced increased valuations, attributed to investors seeking refuge in established stores of wealth and exploring alternative digital currencies.

Major Stock Indices Performance Today...

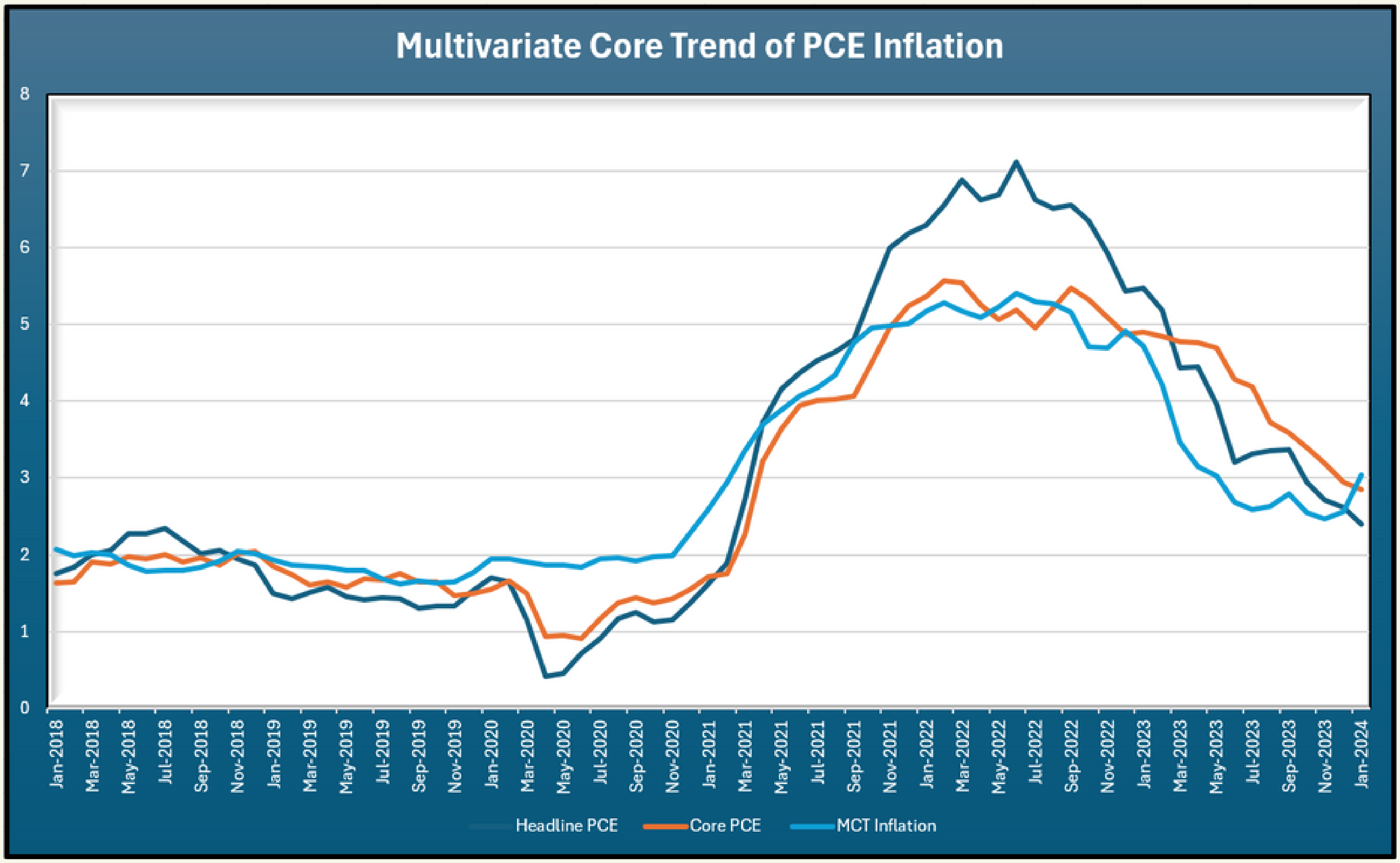
S&P 500: -0.12%   Dow Jones: -0.25%   NASDAQ: -0.41%

WEEKLY MARKET PULSE

January Multivariate Core Trend Inflation

MCT inflation into the details of price changes across 17 major categories like housing and services within the PCE index. Unlike traditional inflation measures, MCT excludes volatile sectors like food and energy. Why? Imagine you're trying to spot a long-term weather trend. Focusing on daily rainstorms wouldn't give the whole picture. MCT prioritizes more stable goods and services to give a clearer view of inflation's persistence, essentially how persistent it is.

In January, MCT inflation jumped to 3%, up from 2.6% in December. That suggests inflation might be sticking around longer than hoped. Housing and services are the prime suspects, showing the most significant price increases. Here's why this matters to you: If, as some predict, interest rates fall soon, housing demand could surge. This, combined with already rising housing costs, could push housing-related inflation even higher.



WEEKLY MARKET PULSE

TUESDAY

Bitcoin hit an all-time high then dipped 6%, while Nvidia defied Tuesday's market slump. Can AI companies like Nvidia keep climbing on the growing hype centered around AI innovation? The answer hinges on future sales growth. If AI innovation translates to real-world results that align with expectations for growth, valuations could soar. But if sales flop, brace for a potential drop in valuations, particularly for companies who fail to "live up to the hype". So, while the AI boom is exciting, research before you invest. Are the companies you're interested in delivering on the promise of AI, or just riding the hype wave? A critical eye can help you potentially profit from this technological revolution, without getting caught in the hype machine's downdraft.

Company earnings:

One of America's most popular retail stores, Target, experienced a 1.7% decline in annual sales, down to $105.8 billion. Despite this lackluster revenue figure, Target was able to grow operating income by 48.3% thanks to cutting its costs of goods sold (COGS). One aspect of Target's business that thrived was its same-day services, such as in-store pickup, Drive Up, and Shipt. These same-day services cater to consumers' preference for convenience, resulting in a 13.6% increase in sales over the most recent quarter in the same-day services segment of their business.

Crowdstrike Holdings, a global cybersecurity leader based in Austin, Texas, posted fourth-quarter fiscal year 2024 revenue of $845.3 million, a 33% increase from the same period in fiscal 2023. Beyond this impressive quarterly revenue growth, the company grew revenue by 36% over the year to $3.1 billion. As a relatively small and growing company, they did have an operating loss, totaling around $2 million. However, this was a significant improvement from the previous year's loss of $190 million. In 2025, the company expects to continue growing at a strong pace with revenue guidance for the year ranging from $3.92 billion to $3.99 billion.

Ross Stores, known for providing a wide variety of discounted clothing and home decor, finished the 2023 fiscal year with total sales around $20.4 billion. This was a nearly 9% increase in revenue, fueled by an effective assortment of sought-after products throughout its stores. Over the year, the department store increased its net earnings (all revenue minus all expenses) by nearly 24% to $1.9 billion, highlighting strong improvements in Ross Stores' take-home income. Coming into 2024, management is worried that high costs in housing, food, and gasoline will continue to put pressure on low-to-moderate income households. Based on management's concerns, this pressure could result in lower discretionary spending from these households, which would in turn put downward pressure on the company's sales.

Major Stock Indices Performance Today...

S&P 500: -1.02%   Dow Jones: -1.04%   NASDAQ: -1.65%

WEEKLY MARKET PULSE

WEDNESDAY

Markets reacted positively to Federal Reserve Chair Jerome Powell's statement that the Fed is likely to begin easing its monetary tightening this year, likely through interest rate reductions. This would lead to lower borrowing costs and easier access to debt across the economy. As interest rates decrease, spending and investment are likely to increase as borrowing becomes easier and cheaper for individuals and businesses.

However, before the Fed starts cutting rates, they want to see more data to ensure inflation has made sufficient progress towards their target of 2%. Lowering rates too soon could risk pushing inflation higher, putting significant financial strain on American households.

Major Stock Indices Performance Today...

S&P 500: 0.51%   Dow Jones: 0.20%   NASDAQ: 0.58%

WEEKLY MARKET PULSE

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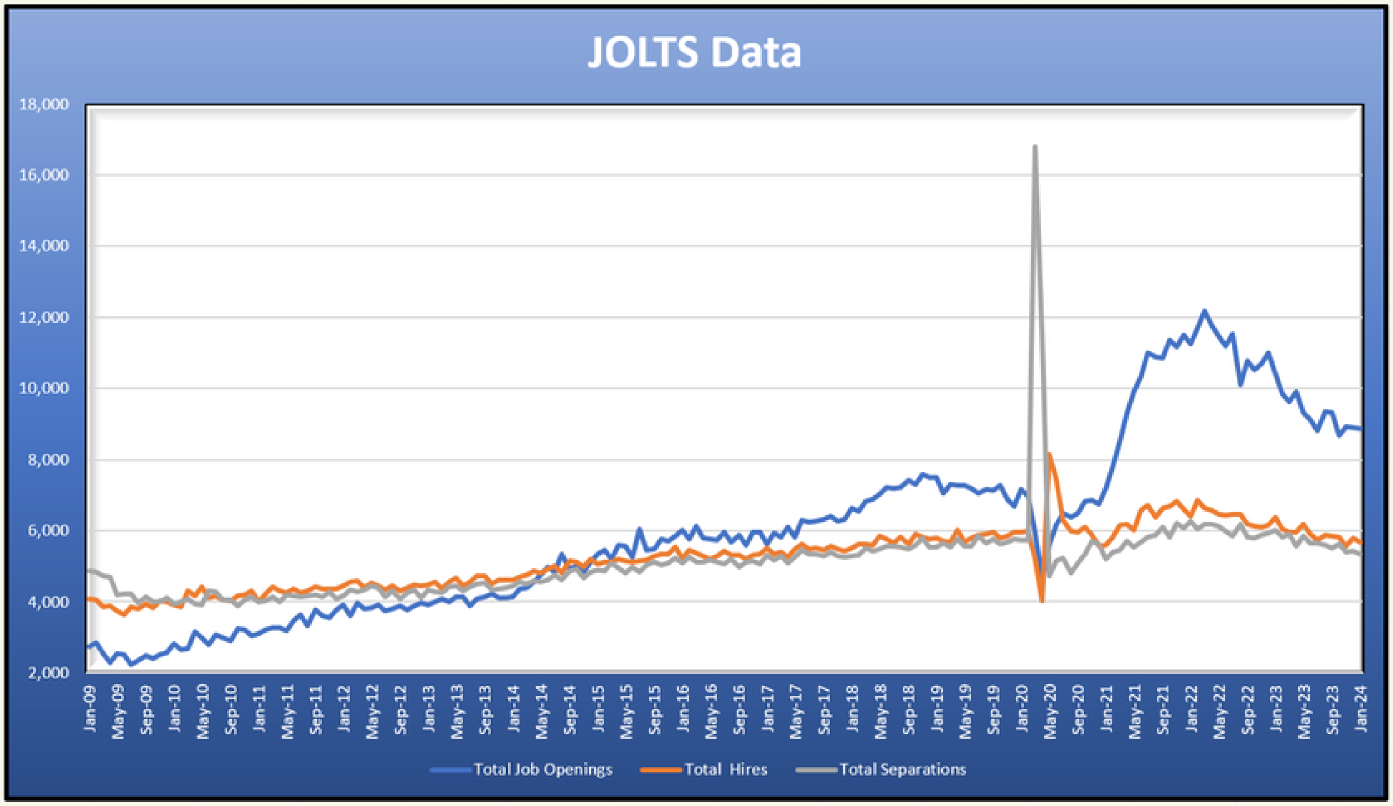
January Job Openings and Labor Turnover Summary

Ever wonder what goes on behind the scenes of the job market? The JOLTS report provides a detailed look at its health through three key metrics: job openings, hires, and separations (people leaving jobs voluntarily and involuntarily).

Overall, job openings dipped slightly (0.3%), with government positions leading the decline. But here's the good news: private sector openings actually increased by 1%. This suggests businesses are still actively looking to fill roles, which could be a positive sign for job seekers.

Hiring activity did slow down a bit compared to December (down 1.7%). However, when we compare it to historical averages, it's quite strong. More people entered the workforce (around 5.7 million hired) than left their jobs (around 5.3 million separated). This means even with fewer hires, the job market seems to be keeping pace with those transitioning out.



WEEKLY MARKET PULSE

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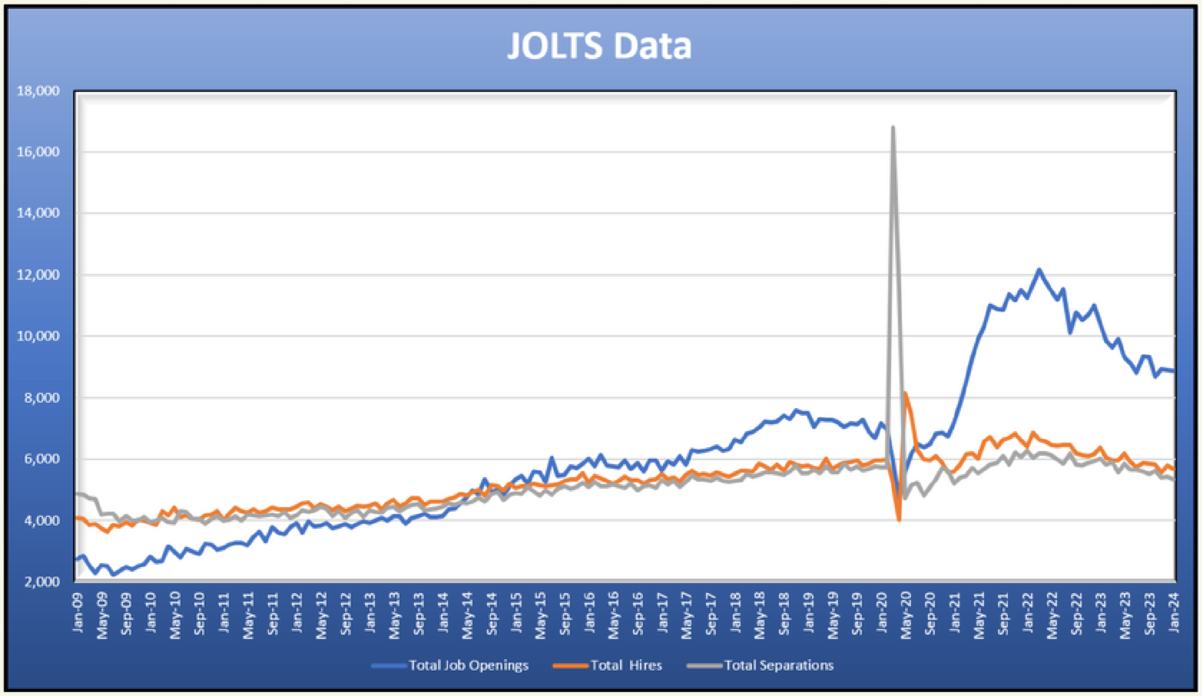
January Job Openings and Labor Turnover Summary

Compared to historical trends, the current job market appears to be in a good spot. There are more open positions available now (8.9 million) than usual (around 6 million historically). Here are a couple of things to keep on your radar, though:

While hiring is strong, job separations are also a bit higher than usual (5.3 million vs. 5.1 million historically). This could be a sign of people leaving for better opportunities or career changes. Additionally, the rate of change in job openings and hires suggests a possible slowdown. Openings are down 15% and hires are 11% compared to last January. Rising labor costs or economic shifts could be contributing factors.

While January's job market report was fairly stable, the downward trend in openings and hires might persist throughout 2024. This could translate to fewer job opportunities overall. As a job seeker, it's crucial to stay proactive: network strategically, gain new skills and knowledge, be a leader, and position yourself to stand out from the competition.



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WEEKLY MARKET PULSE

THURSDAY

Tech led the way on Thursday as investors grew more confident that the Fed would decrease rates this year. Fed Chair Jerome Powell continued to signal that a rate cut is likely this year, provided inflation and unemployment move into a better balance. Markets are expecting rate cuts to begin as early as June, which is exciting for many investors and businesses. If expectations of a rate cut continue to rise, yields on U.S. Treasury securities, such as bonds, will likely decrease. Investors are seeking to take advantage of currently high rates before they eventually start to fall.

Company Earnings:

Broadcom, a designer, developer, and manufacturer of semiconductors and software products, reported an impressive 8% year-over-year revenue increase to around $35.8 billion. Semiconductor solutions drove nearly 80% of this growth, and the recent acquisition of cloud computing company VMware has management optimistic about 2024. They project revenue to reach $50 billion, signifying substantial growth. However, investors were disappointed with the revenue guidance, expecting a higher figure that factored in contributions from VMware.

Costco, known for its vast selection of wholesale products, experienced a 5.7% increase in net sales to $57 billion for the most recent quarter. This sales increase, coupled with a moderate rise in operating expenses, allowed Costco to improve its operating income to $2.1 billion in the quarter ending February 18, 2024, compared to $1.9 billion in the same quarter of 2023.

Kroger, a grocery industry leader, saw its annual sales climb slightly to $150 billion in 2023, from $148 billion the prior year. Despite the increase, higher operating costs, particularly in operating, general & administrative expenses, and depreciation & amortization, led to a decline in operating profits from $4.1 billion in 2022 to $3.1 billion in 2023. Management is responding by lowering prices to offer more affordable options for customers facing inflationary pressures. Kroger anticipates moderate sales growth (specifically identical sales excluding fuel) between 0.25% and 1.75% in 2024.

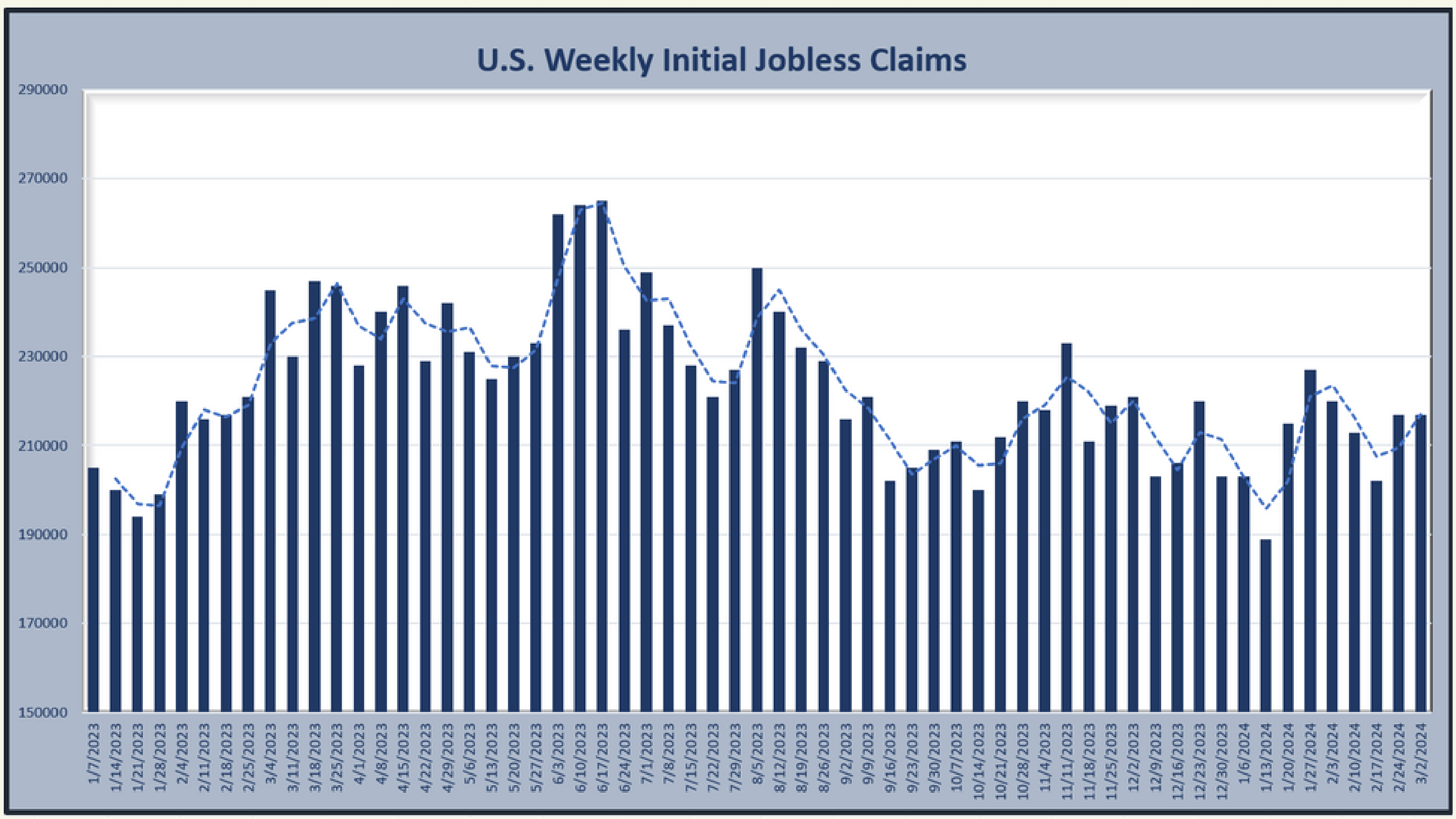
Major Stock Indices Performance Today...

S&P 500: 1.03% Dow Jones: 0.34% NASDAQ: 1.51%

WEEKLY MARKET PULSE

U.S. Initial Jobless Claims (Week ending March 2nd)

Initial jobless claims, a key gauge of labor market health, remained unchanged at 217,000. While this lack of movement might seem neutral, it's important to consider the year-over-year picture. Compared to last year, initial claims are significantly lower by 28,000. This substantial drop suggests a positive trend: fewer people are leaving the workforce and filing for unemployment benefits. While stagnant claims themselves might not be the most exciting news, they point towards a relatively stable labor market. We'll continue to monitor these figures alongside other economic indicators to get a clearer picture of the job market's trajectory.



WEEKLY MARKET PULSE

FRIDAY

While Friday saw Costco disappoint investors with missed sales expectations, the same day brought a surge in Bitcoin and gold. Bitcoin jumped nearly 2%, hinting at high demand for the cryptocurrency and potentially a wave of institutional investment thanks to new spot Bitcoin ETFs. Meanwhile, gold futures climbed almost 1% as investors sought its traditional haven status, a reliable store of value during inflationary times.

Major Stock Indices Performance Today...

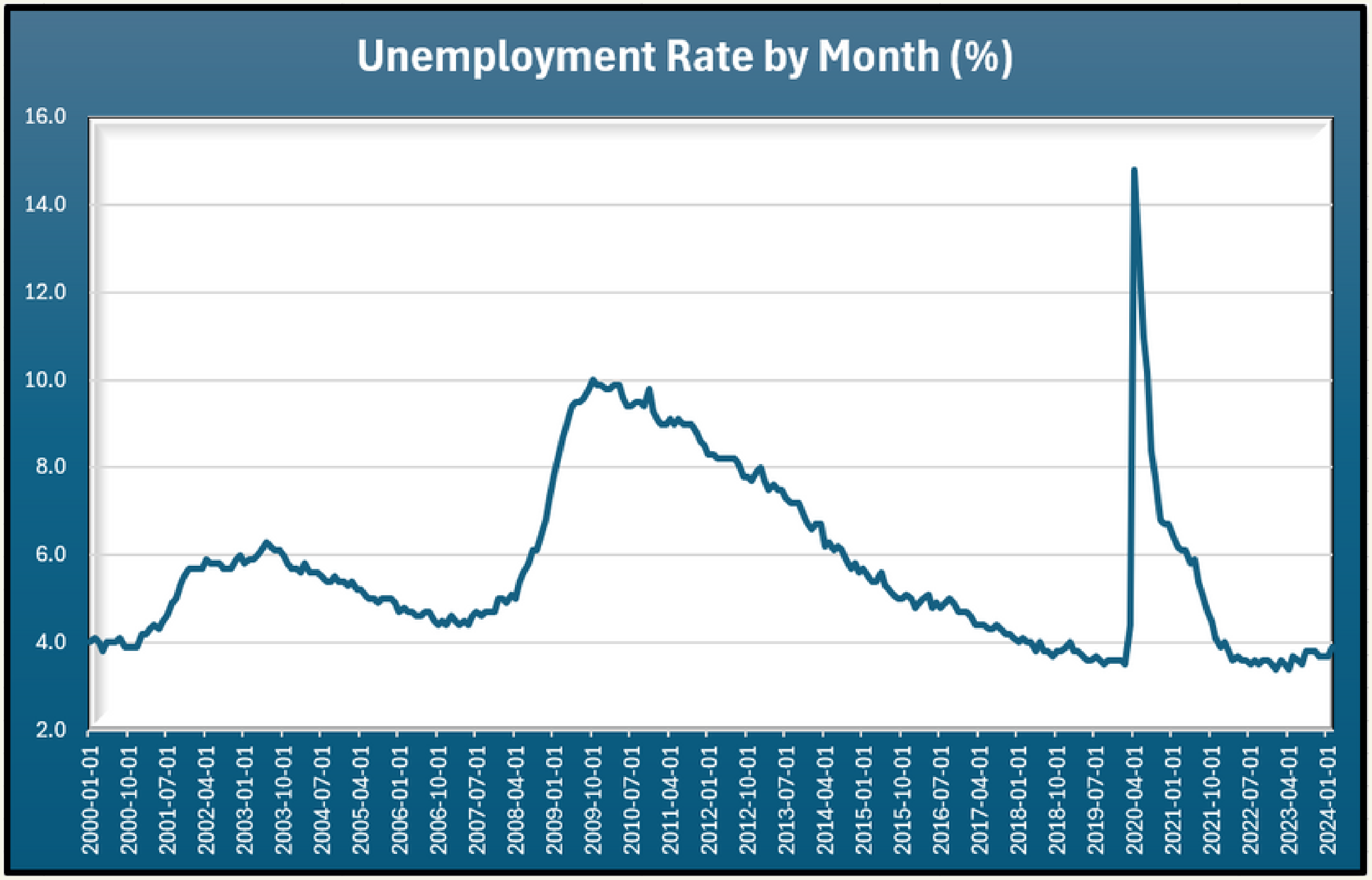
S&P 500: -0.65%   Dow Jones: -0.18%   NASDAQ: -1.16%

WEEKLY MARKET PULSE

February Employment Situation

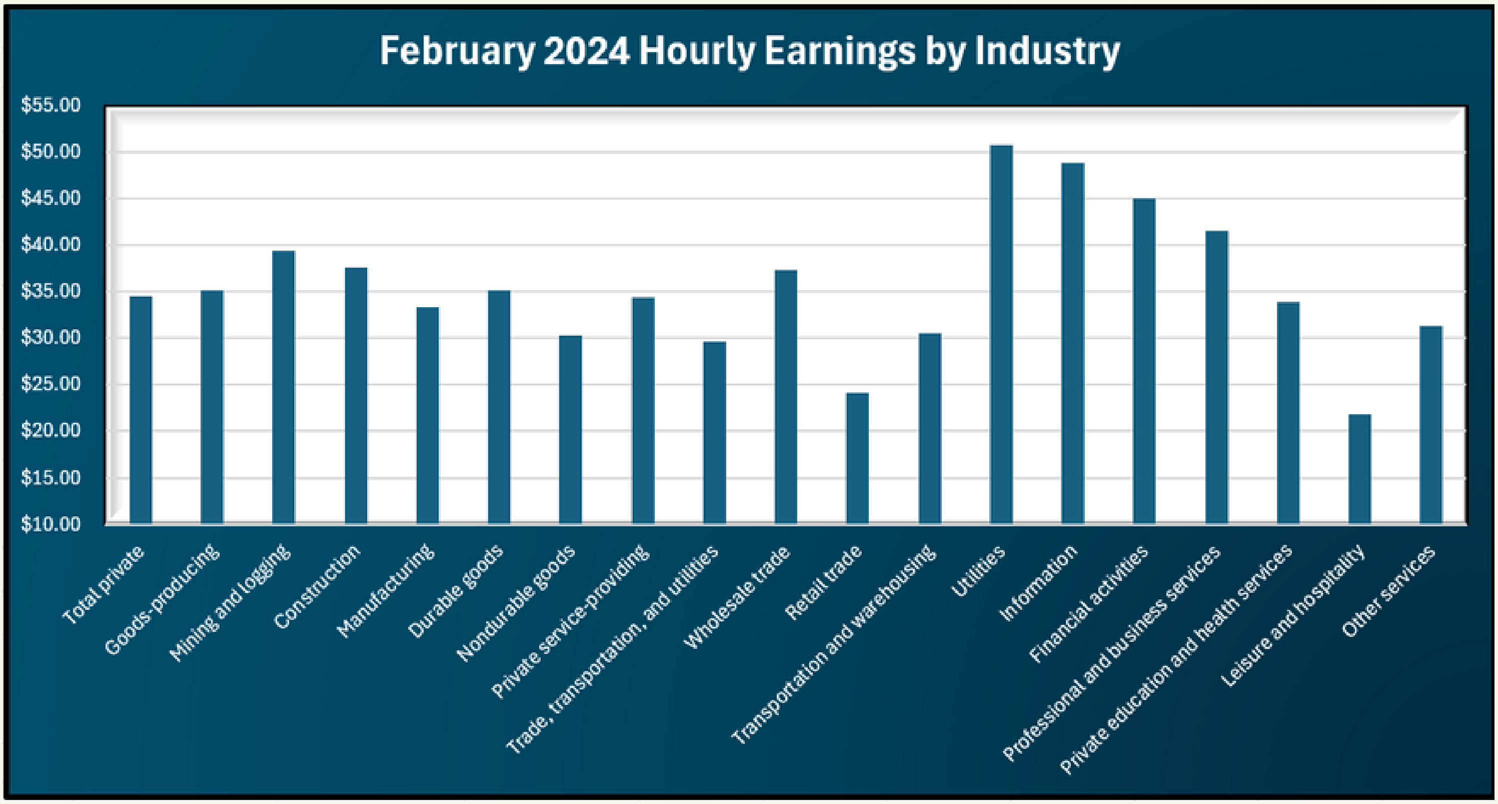
Over the month of February, 334,000 people entered unemployment, making the total number of unemployed people in the United States 6.5 million. With an increasing number of unemployed people, the unemployment rate rose 0.2% in February to reach 3.9%. The total number of permanent job losers, those who left their jobs involuntarily, rose to 1.73 million, an 11% increase. On top of this, the number of people who voluntarily left their job fell to 711,000, a 10% decrease. As the number of job leavers falls, it suggests that people may feel less confident in their ability to secure another job after leaving. With fewer people choosing to voluntarily leave their job and more people leaving involuntarily, the labor market appears to be slowing down.

On the other hand, total nonfarm payroll employment (excluding farm workers, military personnel, volunteers, etc.) increased 275,000 in February. This increase in employment was led by job gains in health care, government, food and drink-driven businesses, social assistance, and transportation and warehousing, signaling increased job opportunities in those industries.



February Employment Situation

Average hourly earnings in the private industry rose by 0.14% over the month and 4.28% compared to February 2023. Currently, average hourly earnings are at $34.57, and they vary widely by industry. Utilities, information, and financial activities industries are among the highest paying, whereas leisure and hospitality, and retail trade are some of the lowest-paid industries. Over the month, financial services and leisure and hospitality experienced the greatest monthly increases in hourly wages, while information and retail trade experienced the lowest. Overall, the majority of industries experienced increases in hourly earnings, which is a healthy sign for most employees. As wage growth increases, however, it is possible that the higher income earned by households could contribute to inflation as they earn the ability to spend more.



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WEEKLY MARKET PULSE

Average Hourly Earnings Rate of Change

Industry	Year-over-Year Change	Month-over-Month Change
Total private	4.28%	0.14%
Goods-producing	5.15%	0.11%
Mining and logging	5.90%	0.43%
Construction	4.66%	-0.08%
Manufacturing	5.33%	0.21%
Durable goods	5.93%	0.26%
Nondurable goods	3.91%	0.03%
Private service-providing	4.05%	0.15%
Trade, transportation, and utilities	3.70%	0.00%
Wholesale trade	3.23%	0.40%
Retail trade	1.68%	-0.21%
Transportation and warehousing	6.63%	0.20%
Utilities	3.53%	-0.04%
Information	1.81%	-0.47%
Financial activities	5.85%	0.56%
Professional and business services	4.27%	0.24%
Private education and health services	3.76%	0.24%
Leisure and hospitality	4.66%	0.55%
Other services	5.25%	0.19%

MAJOR STOCK INDEX PERFORMANCE

	S&P 500	Dow Jones Industrial Average	Nasdaq Composite
Percent Change (Monday)	-0.12%	-0.25%	-0.41%
Percent Change (Tuesday)	-1.02%	-1.04%	-1.65%
Percent Change (Wednesday)	0.51%	0.20%	0.58%
Percent Change (Thursday)	1.03%	0.34%	1.51%
Percent Change (Friday)	-0.65%	-0.18%	-1.16%
Weekly Change	-0.26%	-0.93%	-1.17%

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	5.51	5.49	5.48	5.42	5.37	4.98	4.61	4.39	4.21	4.23	4.22	4.48	4.36
Tuesday	5.5	5.47	5.47	5.4	5.35	4.94	4.54	4.32	4.13	4.15	4.13	4.39	4.27
Wednesday	5.5	5.47	5.47	5.4	5.35	4.95	4.55	4.32	4.12	4.12	4.11	4.36	4.24
Thursday	5.51	5.48	5.47	5.4	5.34	4.93	4.5	4.28	4.07	4.09	4.09	4.35	4.25
Friday	5.51	5.48	5.46	5.4	5.34	4.92	4.48	4.25	4.06	4.08	4.09	4.36	4.26

LINKS TO ECONOMIC/FINANCIAL DATA FROM THIS WEEK

January Multivariate Core Trend Inflation

https://www.newyorkfed.org/research/policy/mct#--:mct-inflation:trend-inflation

January Job Openings and Labor Turnover Summary

https://www.bls.gov/news.release/jolts.toc.htm

U.S. Initial Jobless Claims (Week ending March 2nd)

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

February Employment Situation

https://www.bls.gov/news.release/empsit.toc.htm

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