SERENE FINANCIAL
SOLUTIONS

WEEKLY MARKET PULSE

MONDAY

After last week's PCE Index, an inflation metric tracking price changes across various goods and services, rose slightly from 2.4% in January to 2.5% in February, investors grew concerned about rising inflation. With costs increasing, it's evident that the U.S. economy continues to accelerate, possibly signaling to the Federal Reserve that it may need to exercise caution. As a result, yields on mid- to long-term Treasury bonds jumped significantly. While it is unlikely the Federal Reserve would base a policy decision on a single data point, this uptick in inflation will lead to discussions about potentially keeping interest rates higher for longer than expected. Nonetheless, markets are betting that the Federal Reserve will cut rates by June. While markets may be anticipating rates to be cut as early as June, it's also important to keep in mind that several data reports on inflation, employment, GDP growth, etc., will be released between now and then, which will impact the Fed's decision-making. What are your thoughts? How has inflation affected you? Where in your life are prices increasing, where are they increasing?

Major Stock Indices Performance Today...

S&P 500: -0.20% Dow Jones: -0.60% NASDAQ: 0.11%

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WEEKLY MARKET PULSE

TUESDAY

Taking over headlines on Tuesday was Tesla, and it wasn't good news. Compared to quarter 1 in 2023, Tesla's total vehicle deliveries fell by over 8.5% this quarter. Based on remarks from the electric automaker, lower production and delivery volumes were partly caused by the freshly implemented production ramp for the Model 3 at Fremont and conflicts in the Red Sea, which led Tesla to shut down factories. While the company makes note of this, many investors and analysts expect that Tesla is facing slowdowns in consumer demand, leading its stock value to plummet by over 30% this year.

Major Stock Indices Performance Today...

S&P 500: -0.72% Dow Jones: -1.00% NASDAQ: -0.95%

WEEKLY MARKET PULSE

SERENE FINANCIAL SOLUTIONS

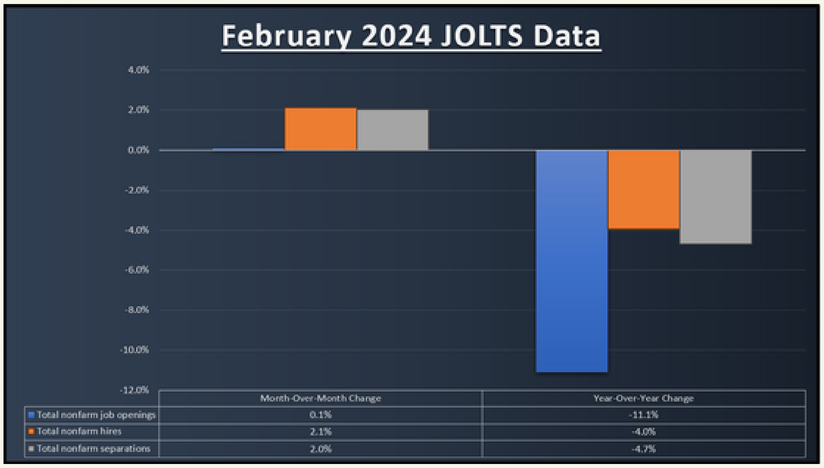
February Job Openings and Labor Turnover Summary

In this monthly summary, the U.S. Bureau of Labor Statistics provides data covering developments in America's labor market. Among these developments are three primary categories: hires, openings, and separations, which are broken up into voluntary and involuntary. Additionally, this report records labor data for private industry, government, and the nonfarm sector (private+public).

Job Openings

Overall, the number of job openings in February held steady relative to the month before, with a slight 0.1% increase. Compared to a year before, however, the number of job openings is down by around 11%. Labor demand has certainly decelerated since early 2023, thanks to higher interest rates. Despite this slowdown, the number of job openings is still substantial. In February, the total number of job openings came in at 8.8 million, compared to a historical average (dating back to February 2009) of 6.1 million. Whether or not it may feel like it, the data indicates that employers are looking to hire and labor demand remains high. Something to note is that job openings have continuously fallen over the past year - the monthly average change in job openings since last February being -1.3%. On the current trajectory, it is not unlikely to see the number of job openings continue to fall, but uncertainty lies ahead with rate cuts on the horizon.

Specific industries leading job openings over the month include finance and insurance, state and local government, arts, entertainment, and recreation. On the other hand, industries that saw a sizeable loss in job openings were information (e.g. publishing, telecommunications, data processing, web search portals, etc.) and the federal government. Additionally, the western region of the United States was the only region to have experienced an increase in job openings over the month, with a 4.5% increase. The Northeast, South, and Midwest all experienced decreased job openings.



February Job Openings and Labor Turnover Summary

Job Hires

The number of hires picked up in February by 2.1% compared to the previous month, but they are down by 4.1% compared to a year ago. While hiring has picked up over the month, it has generally fallen compared to the same period a year ago. Over the year, hiring has slowed the most in goods-producing industries such as mining and logging, manufacturing, and durable goods, all of which have experienced above 30% drops in hiring. In the service-providing industry, specific industries that have experienced large declines in hiring are real estate, private education, and accommodation and food services. Out of the services industry, real estate has experienced the greatest slowdown in hiring, largely due to higher interest rates putting a damper on housing demand. With interest rates expected to fall in the coming months, it is possible to see hiring in real estate start to pick back up again. Over the month, hiring in real estate rose by nearly 4%, whereas compared to a year ago, it is down by nearly 19%. Finance and insurance, information, and construction experienced the highest growth in hiring, with finance and insurance leading the way at a year-over-year growth rate of around 11%. Most industries, however, are hiring fewer people than they were just last February, so the overall demand for labor has certainly gone down, as many people currently feel. Hires have decelerated the most since last February in the West and Midwest, with hires in the South and Northeast only falling slightly. Over the month, hiring picked up in the South and West, highlighting higher demand for labor in those regions.

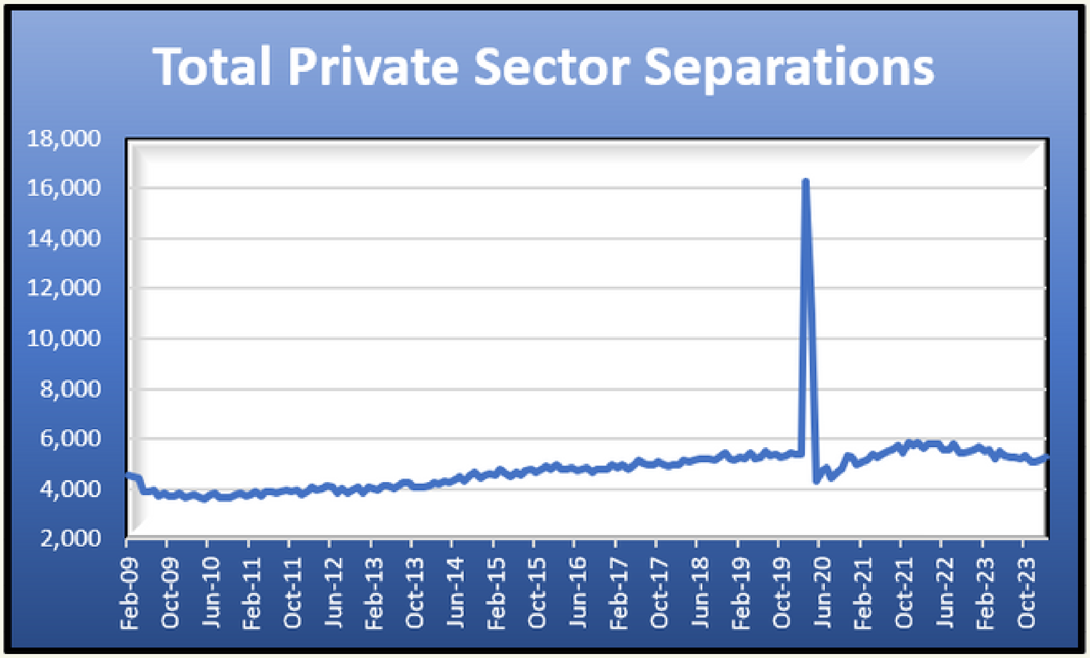
WEEKLY MARKET PULSE

February Job Openings and Labor Turnover Summary

Job Separations

Total separations, voluntary and involuntary, increased by 2% in February to 5.6 million. This slight increase was led primarily by layoffs and discharges (both involuntary), which rose by around 8% in February. Compared to the same period last year, layoffs and discharges are up by 10%, underscoring a growing comfortability employers have in removing employees from their comapny. This could be a cause for concern, especially in certain industries where layoffs and discharges are picking up.

Over the month, there were several industries that saw a sudden spike in involuntary job separations. Those with the highest increases include accommodation and food services, arts, entertainment, and recreation, leisure and hospitality, all of which saw increases of over 65%. Another standout industry was information, which had an increase of nearly 60%. This can be fairly concerning if you are employed in one of these industries, and it's important to ensure that you stand out as an employee to clearly show you're more valuable at your firm than out. Some of the more secure industries over the month were mining and logging, real estate, transportation, warehousing, and utilities, and financial activities. Layoffs and discharges for those listed industries fell within a range of 17% and 25%. If you're wondering where people are mostly being laid off and discharged, they are mostly occurring in the South and Midwest.



WEEKLY MARKET PULSE

WEDNESDAY

Major market indices ended the day mixed, with employment data from the ADP National Employment Report coming in hotter than expected, while service economy data came in slightly lower than expectations. Business activity, demand, and prices in the service industry continue to grow, but employment is reported to be slowing based on the most recent Institute for Supply Management's report on business activity in the services industry. Given that America is largely a service-based economy, it's important to gauge business activity in the services industry to understand the health of the American economy.

In the ADP National Employment Report, job gains in the private industry came in at 184,000 for March. Based on data from ADP, that was the largest increase in hiring since July. Overall, the U.S. labor market is healthy, by grace of the numbers. Something important to note from the report is that earnings are increasing for Americans. Wage inflation can ultimately translate into higher inflation because as households bring in more income, they are likely to spend more. As households spend more, they signal to businesses that demand is increasing, prompting those businesses to raise their prices. While it is a great thing to see people being paid more, especially with inflation being so persistent, increased pay can also lead to higher prices. This is something to look out for in coming inflation reports, as the direction of inflation will play a major role in the Federal Reserve's interest rate policy decisions in the coming months.

Major Stock Indices Performance Today...

S&P 500: 0.11% Dow Jones: -0.11% NASDAQ: 0.23%

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WEEKLY MARKET PULSE

THURSDAY

Thursday was not a great day for markets, as all major market indices ended the day far in the negative, wiping away any gains from Wednesday. What prompted such a major market reaction? It was, of course, fear surrounding the possibility of rates being kept at their current levels for longer after Federal Reserve Bank of Minneapolis official Neel Kashkari announced that rate cuts may not be coming as soon as expected. Kashkari and Richmond Fed President Thomas Barkin both had their separate worries about inflation. Both Fed officials want to see inflation come down before deciding to cut interest rates. Americans are feeling and have been feeling the financial crunch caused by inflation. It happens every time they are at the grocery checkout line and every time their rent comes due. Price increases across the country have been unforgiving, and the Fed wants to ensure inflation does not become worse than it already is.

If the Fed decides to lower rates too quickly, which some analysts speculate is possible since it is an election year, it is very possible for inflation to heat up. This means the costs of groceries, gas, rent, insurance, etc., all have a high possibility of increasing at faster rates than they already have been.

Major Stock Indices Performance Today...

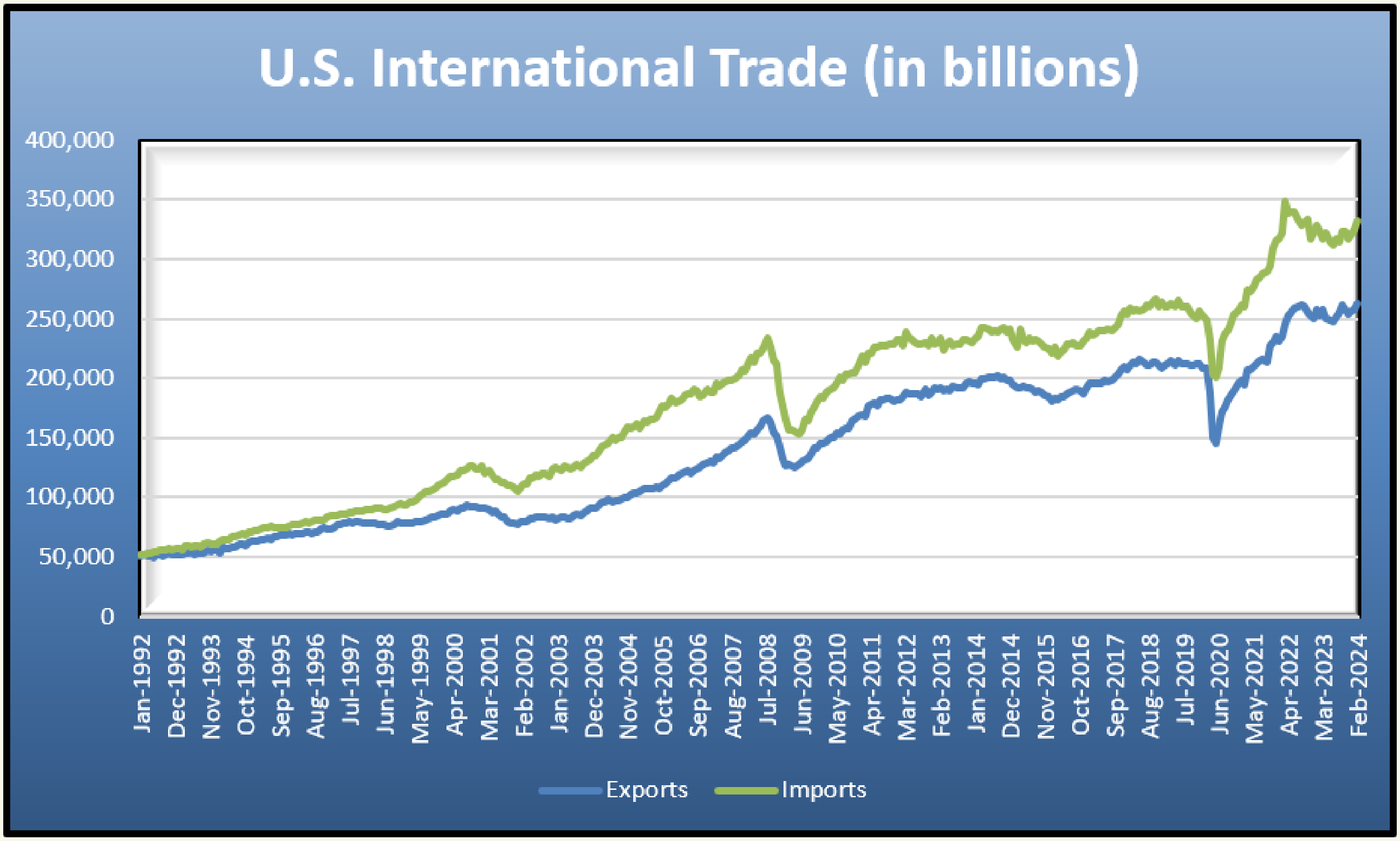
S&P 500: -1.23% Dow Jones: -1.35% NASDAQ: -1.40%

WEEKLY MARKET PULSE

U.S. Trade Balance

Over the month of February, both U.S. exports and imports increased. Increases in exports highlight strong demand from foreign nations for American goods and services, and increases in imports represent strong demand from American consumers for goods and services in foreign nations. Export trade rose by a rate of 2.3%, and import trade rose by a rate of 2.2%.

With exports increasing at a rate of 2.3%, foreign demand for American goods products rose at its fastest rate since January 2023, underscoring growing foreign demand. In addition, February's increase in exports came in much higher than the historical monthly average (dating back to 1992) of 0.5% and the more recent 5-year monthly average of 0.4%.



WEEKLY MARKET PULSE

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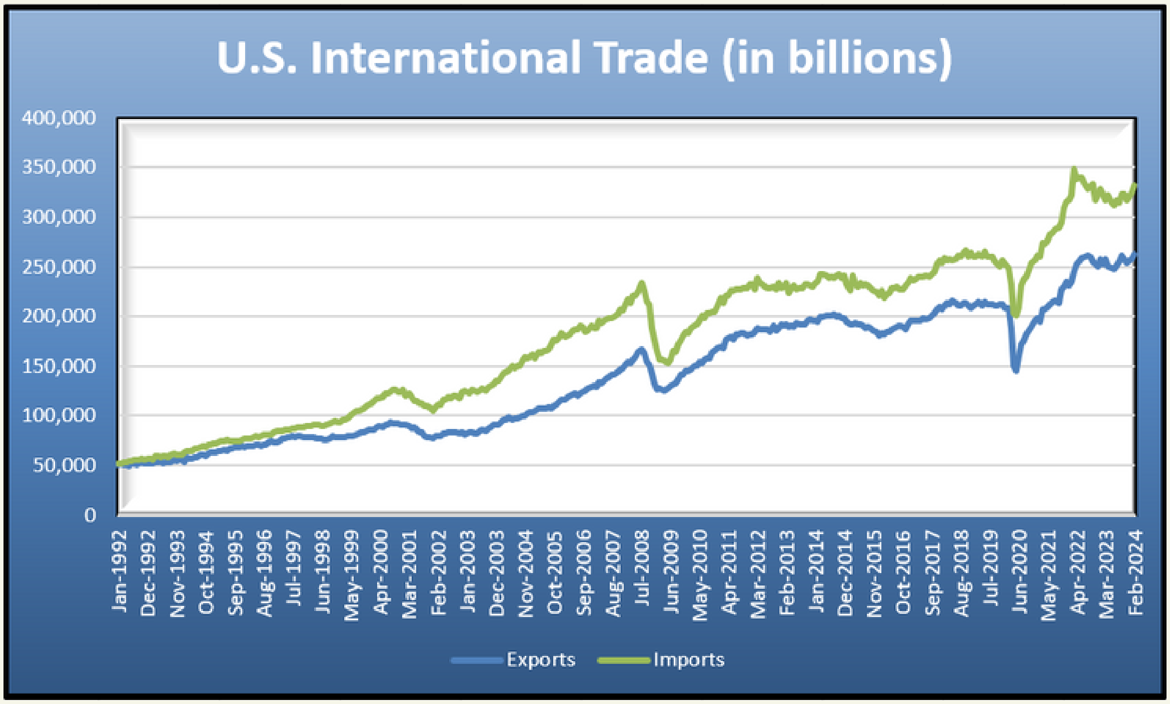
U.S. Trade Balance

The historical monthly average growth rate of imports was also 0.5%, compared to March's rate of 2.2%. American consumers and businesses continue to spend, particularly in foreign markets. This was the fastest monthly increase in imports since September 2023, and it compared to a 5-year monthly average of 0.5%. While there are still some fears looming about a potential recession, the recent data appears to argue against those fears. The overall value of imports has not been this high since October 2022, suggesting a continuous upward trend in imports recently. Typically, imports fall during recessionary periods because consumers and businesses spend and invest less money, but as we see from the most recent data, imports are doing the opposite. With that said, recent data, particularly trade data, suggests that the U.S. economy remains resilient.

Something important to note, however, is that exports add to GDP growth in the United States, whereas imports subtract from GDP growth. This is because exports require businesses in the United States to create a product or provide a service they then sell, leading to money flowing into the country. On the other hand, imports require foreign businesses to create and provide services Americans purchase, leading to money flowing out of the United States into other countries. While imports came in at $332 billion for February, exports only came in at $263 billion, reflecting a growing trade deficit that will put downward pressure on GDP growth.



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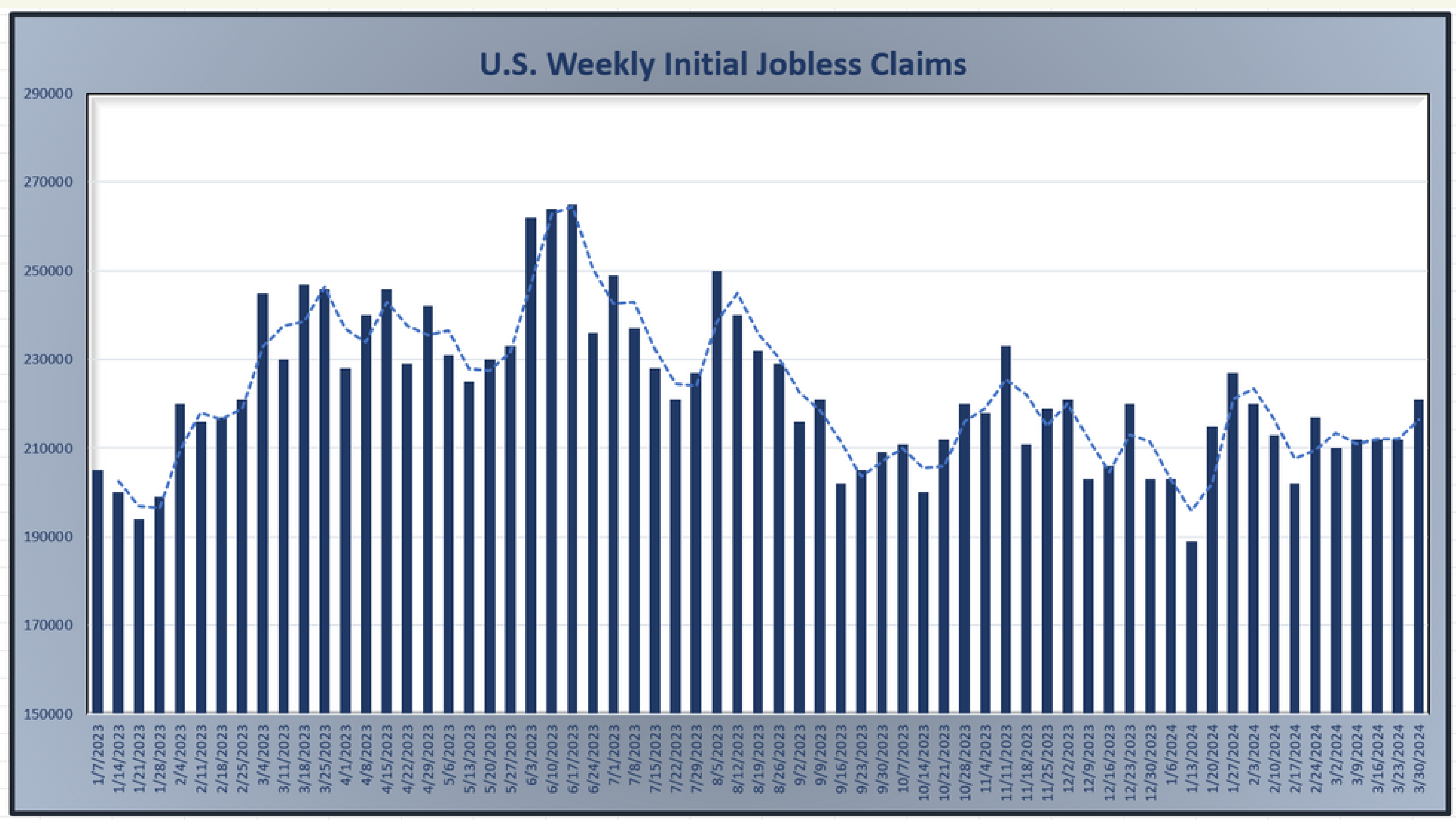
WEEKLY MARKET PULSE

U.S. Initial Jobless Claims (Week ending March 30th)

Initial jobless claims, representing the number of people filing for unemployment benefits, shot up in the most recent recorded week to 221,000, an increase of 9,000 from the previous week. While initial jobless claims had managed to stay under 220,000 since late January, they have ticked up substantially in the most recent week, with data suggesting that more people have left the workforce. States that have had significant increases in initial claims are Texas and Missouri. In Texas, layoffs occurred in retail trade and manufacturing industries, whereas in Missouri, layoffs occurred in a wide variety of industries: manufacturing, transportation and warehousing, and administrative and support and waste management and remediation services.



SERENE FINANCIAL SOLUTIONS

WEEKLY MARKET PULSE

FRIDAY

After a stronger-than-expected employment report, markets rallied on Friday. In conjunction with this market rally came higher expectations of the Federal Reserve maintaining rates at their current levels. While just a month ago, expectations of rates remaining at their current levels this June were only around 27%, they have since jumped to around 47%. There is now around a 50/50 expected chance of rates being left alone or cut at the June meeting, with the expected chance of a cut around 4% higher.

This also led interest rates on government bonds, particularly longer-term, to jump to new highs for the year. The 10-year Treasury yield, often considered a benchmark rate, especially in the mortgage lending market, rose from 4.31% to 4.39%. Markets are pricing in expectations of high rates staying around longer, which has led to higher interest rates in the bond market. These higher rates can present potential investment opportunities for those looking for a safe, fixed-interest investment that pays fairly well. On the other hand, it can present some challenges to those looking to borrow, such as people looking to purchase big-ticket items like a home or car.

Major Stock Indices Performance Today...

S&P 500: 1.11% Dow Jones: 0.79% NASDAQ: 1.24%

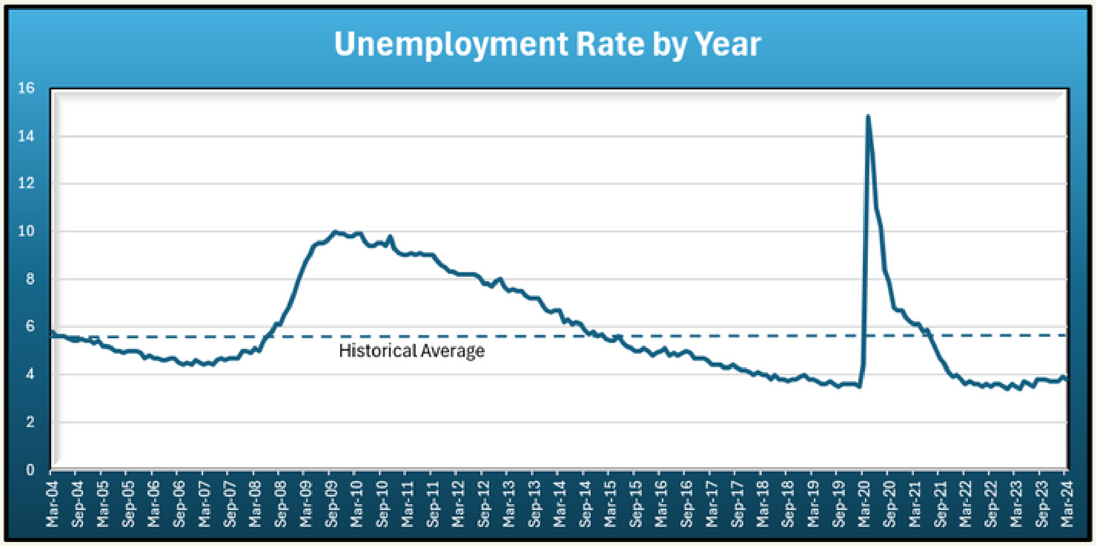
WEEKLY MARKET PULSE

March Employment Situation

Employment grew during the month of March by nearly 500,000 people, putting the total number of employed people at 161.5 million. This was a slight increase from February, and it ultimately underscores the continued resilience of America's labor market. With more people entering employment and more people leaving unemployment, the unemployment rate fell from 3.9% in February to 3.8% in March. While in reality, it feels to many people that the job search has become significantly more difficult and the labor market has continued to rise in competitiveness, the data shows that the labor market is in a great position. How do you feel about the data? In your personal opinion, does it feel like the labor market is improving?

For some, the labor market is certainly not improving, but for others, it certainly is. There are various factors that will determine a person's job opportunities: where they live, their experience and education, the pay they are looking for, what industry they work in/want to work in, etc. If we look at the total nonfarm payroll, which breaks up employment between the private and government sectors, we can get a better idea of the employment situation based on industry. Total nonfarm payroll employment rose by 303,000 in March, 12% higher than in February and over 2x higher than last March.

On a per-industry level, nearly every industry experienced employment growth other than a few - nondurable goods (ranging from clothing to food products), utilities, and temporary help services all experienced reductions in employment. Industries including the greatest monthly increases in employment were private education and health services, government, healthcare and social assistance, and construction.



WEEKLY MARKET PULSE

SERENE FINANCIAL SOLUTIONS

March Employment Situation

In another metric of employment health, we will take a look at hourly earnings growth over the month of March. Overall, the average hourly earnings in the private industry rose to $34.69, a 4.1% increase compared to last March. This increase in earnings is higher than the most recent CPI inflation figure (3.2%) and PCE inflation figure (2.5%), indicating that on average, increases in earnings have outpaced price increases. How does this feel to you? Do you feel like your income and the income of people you know has grown at a faster rate than the cost of your expenses: rent, insurance, food, etc.?

Year-over-year average hourly earnings increased some of the fastest in goods-producing industries such as durable goods (cars, home appliances, consumer electronics, etc.), manufacturing, and construction. There were also a few service-providing industries that also had strong increases in average hourly earnings, such as transportation and warehousing, financial activities, and leisure and hospitality. When it comes to industries that pay the most on average, service-providing industries take the lead. Industries including utilities, information, and financial activities are the three highest-paying industries. Some of the lowest-paying, also led by service-providing industries, are leisure and hospitality and retail trade.

Industry	Mar-24	Monthly Change	Yearly Change
Total private	$34.69	0.3%	4.1%
Goods-producing	35.36	0.6%	5.4%
Mining and logging	39.1	-0.6%	4.9%
Construction	37.8	0.5%	5.0%
Manufacturing	33.63	0.6%	5.4%
Durable goods	35.49	0.7%	6.1%
Nondurable goods	30.38	0.5%	3.8%
Private service-providing	34.54	0.3%	3.9%
Trade, transportation, and utilities	29.85	0.3%	4.0%
Wholesale trade	37.61	0.6%	3.4%
Retail trade	24.35	0.1%	2.9%
Transportation and warehousing	30.55	0.2%	6.0%
Utilities	50.81	0.1%	2.9%
Information	49.48	0.5%	2.6%
Financial activities	45.23	0.5%	5.8%
Professional and business services	41.68	0.4%	4.2%
Private education and health services	33.83	0.0%	2.9%
Leisure and hospitality	21.9	0.5%	4.4%
Other services	31.06	-0.4%	3.8%

MAJOR STOCK INDEX PERFORMANCE

	S&P 500	Dow Jones Industrial Average	Nasdaq Composite
Percent Change (Monday)	-0.20%	-0.60%	0.11%
Percent Change (Tuesday)	-0.72%	-1.00%	-0.95%
Percent Change (Wednesday)	0.11%	-0.11%	0.23%
Percent Change (Thursday)	-1.23%	-1.35%	-1.40%
Percent Change (Friday)	1.11%	0.79%	1.24%
Weekly Change	-0.95%	-2.27%	-0.80%

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	5.47	5.44	5.41	5.36	5.06	4.72	4.51	4.34	4.33	4.33	4.58	4.47
Tuesday	5.49	5.45	5.42	5.4	5.34	5.05	4.7	4.51	4.35	4.37	4.36	4.61	4.51
Wednesday	5.47	5.44	5.42	5.4	5.33	5.03	4.68	4.48	4.34	4.36	4.36	4.61	4.51
Thursday	5.47	5.49	5.41	5.4	5.32	5	4.65	4.46	4.3	4.31	4.31	4.57	4.47
Friday	5.47	5.5	5.43	5.41	5.34	5.05	4.73	4.54	4.38	4.39	4.39	4.65	4.54

LINKS TO ECONOMIC/FINANCIAL DATA FROM THIS WEEK

February Jolts Report

https://www.bls.gov/news.release/jolts.nr0.htm

March ADP National Employment Report

https://adpemploymentreport.com/

March ISM Services Report

https://www.ismworld.org/supply-management-news-and-reports/reports/ism-report-on-business/services/march/

February Trade Balance

https://www.census.gov/foreign-trade/current/index.html

U.S. Initial Jobless Claims (Week ending March 30th)

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

March Employment Situation

https://www.bls.gov/news.release/empsit.nr0.htm

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