SERENE FINANCIAL SOLUTIONS

WEEKLY MARKET PULSE

MONDAY

Major market indices ended the day mostly flat as investors and analysts anticipate major economic data reports this week from the CPI and PPI reports. Both of these reports are measures of inflation, with CPI focused on price changes in the context of consumers and PPI focused on inflation in the context of producers.

In an annual letter by JPMorgan CEO Jamie Dimon, he explained that persistent inflationary pressures are likely to continue weighing on the U.S. economy into the foreseeable future. Specific inflationary factors he makes note of are increased government spending, ongoing global conflict, changes to global trade, growing spending for sustainable initiatives, and higher energy costs. On top of this, he ultimately disagrees with markets currently pricing in a soft landing at a likelihood of 70% to 80%. Dimon believes the likelihood of a soft landing is not as likely as the market currently expects due to the ongoing impacts of inflation and its impact on inflation. His range of potential events goes from a possible high economic growth situation with moderate inflation to a recession caused by ongoing inflation, stagflation.

Major Stock Indices Performance Today...

S&P 500: -0.04%   Dow Jones: -0.03%   NASDAQ: 0.03%

SERENE FINANCIAL SOLUTIONS

WEEKLY MARKET PULSE

TUESDAY

Overall, markets ended the day mixed, but saw some gains after U.S. Treasury securities, such as bonds, experienced a decline in rates. On Monday, rates on the 10-year U.S. Treasury bond rose to 4.42% and fell moderately on Tuesday to 4.36%, highlighting slightly higher market expectations of interest rate cuts sooner rather than later.

In other news, gold rose to a new all-time high, reaching nearly $2,400 per Troy Ounce (slightly heavier than a standard ounce or around three quarters). Gold is experiencing an incredibly strong run at the moment as investors seek to protect their wealth from economic uncertainty such as persistent inflation and ongoing global geopolitical turmoil.

Major Stock Indices Performance Today...

S&P 500: 0.14% Dow Jones: -0.02% NASDAQ: 0.32%

WEEKLY MARKET PULSE

WEDNESDAY

In response to higher than expected inflation, markets now anticipate around an 84% chance of the Federal Reserve keeping rates steady at its June Meeting. This is up from a fairly low expectation of 34.2% just a week prior. In addition to this, markets now do not expect rates to be cut in September, two months later than previously expected. Now, if we've learned anything, these expectations are incredibly volatile and tend to fluctuate dramatically based on incoming data. Just as this strong inflation report led to expectations of a cut being pushed back substantially, a potentially weak inflation, job, or GDP report can cause the Fed to lower rates earlier than expected.

The question now lies in what the data will look like in the coming months.

Major Stock Indices Performance Today...

S&P 500: -0.95%   Dow Jones: -1.09%   NASDAQ: -0.84%

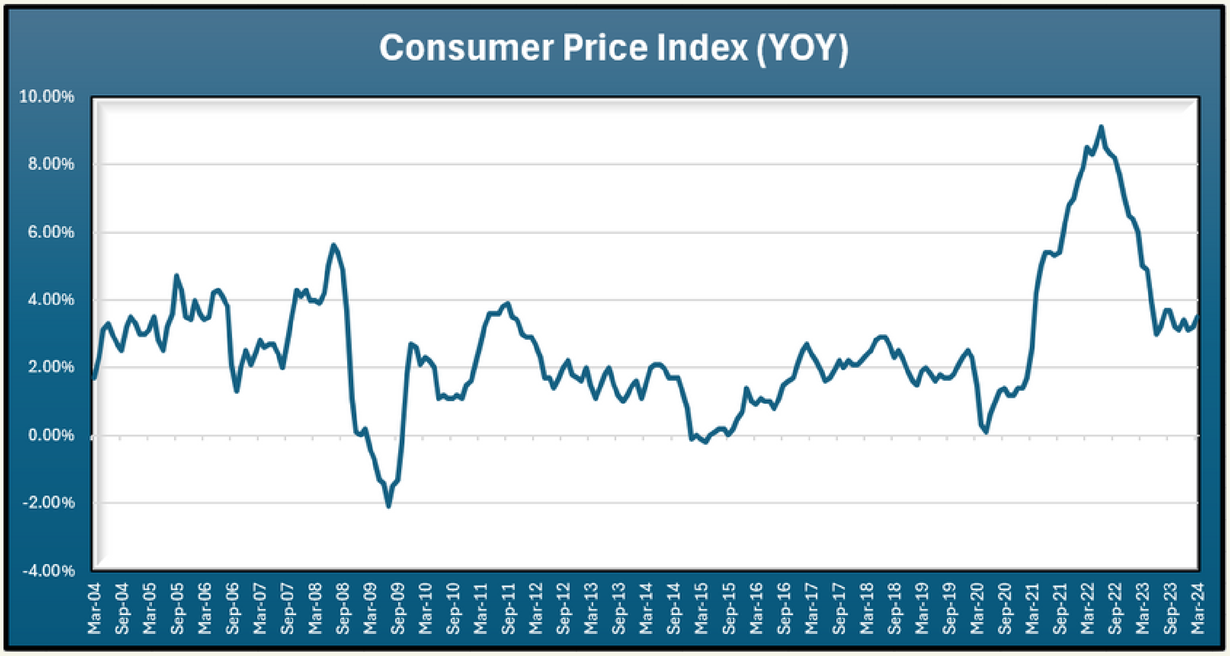
WEEKLY MARKET PULSE

March Consumer Price Index

The Consumer Price Index measures price changes among various goods and services groups across the economy. Notable groups within the index include food, energy, housing, and vehicles. While inflation measured by the CPI has come down since its highs in 2022, it has recently begun to stagnate. In this March's measure of CPI inflation, prices overall increased by 0.4% compared to the previous month and by 3.5% compared to March 2023. The 3.5% year-over-year increase in prices is much higher than February's 3.2%. Although it was really no surprise to the average American household that prices have been picking up, the data ultimately reflects such sentiment to an extent.

Categories with the largest impact on this month's increase in inflation included gasoline and housing (shelter). After energy and gasoline had consistently declined in price in past months, the costs of energy are starting to pick up again. Some of the main reasons why the costs of gasoline have gone up involve seasonal refinery shutdowns, global conflicts in Ukraine and the Middle East, and additional production cuts by OPEC.

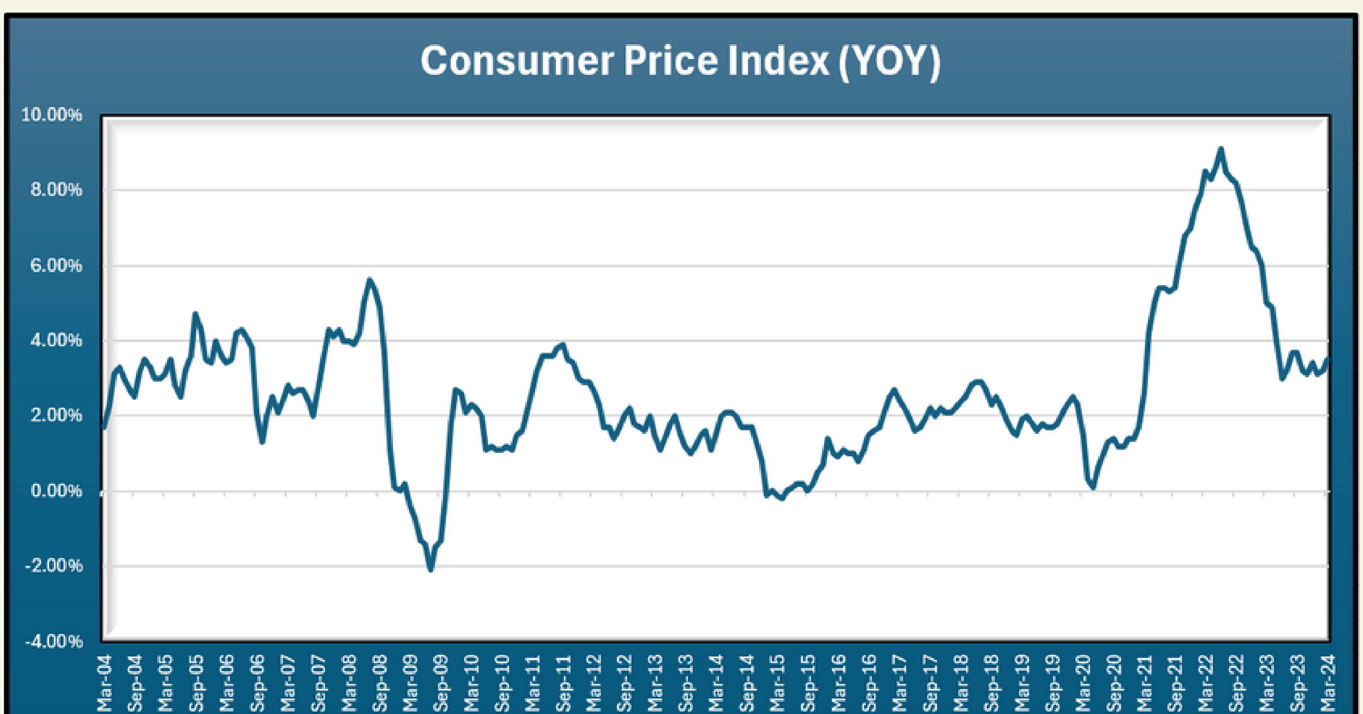
The cost of housing for both owners and renters has also risen in the past month, with increases in rent up by 0.4% and increases in the owner's equivalent of rent up by 0.6%. Compared to a year ago, the cost of rent is up by 5.7% and the owner's equivalent cost of rent is up by 5.9%. Housing costs continue to be high as a result of a mixture of persistently high prices, interest rates, and limited supply.



March Consumer Price Index

Other categories that experienced significant changes include transportation services. Both motor vehicle maintenance and repair and auto insurance costs have risen substantially. Maintenance and repair costs have risen by 8.2%, whereas motor vehicle insurance has risen by 22.2%. Costs of car ownership continue to rise and put pressure on car owners. In good news, airline fares have significantly reduced in costs by 7.1%, but they are likely to start ticking up as we enter the summer season. In addition to hefty changes in the costs of transportation services, hospital service costs have increased by 7.5%.

With so many of America's most significant and high-cost expenses - housing, vehicle costs, and hospital services - rising at such a fast pace, it's clear to many that inflation is still very much a problem. The good thing is that the impact of inflation varies by individual, and you can personally mitigate some of those. Ultimately, inflation's impact on you is going to be determined by two things: the money you're earning and the money you're spending. Ask yourself how you can bring more money in or how you can have less money going out. Do you have time for a side business or part-time job? Can you spend less on some things by purchasing cheaper alternatives or purchasing less?



WEEKLY MARKET PULSE

THURSDAY

Major market indices ended the day mostly in the positive after data from the Producer Price Index came in slightly lower than forecasts. After Wednesday's CPI report demonstrated continued increasing prices across the U.S. economy, analysts and investors were hoping to see data that contradicted the CPI data. Despite a very slight PPI figure below expectations, markets shot up in response.

Companies experiencing the greatest gains in stock valuation over the day were in the tech sector, given that the lower than expected PPI figure reduces expectations of higher interest rates for a longer period. Because tech is a fast-growing industry, it is heavily reliant on financing to continue innovating and expanding. With lower rates, the tech industry would have greater opportunities to invest back into its operations, accelerating production and innovation.

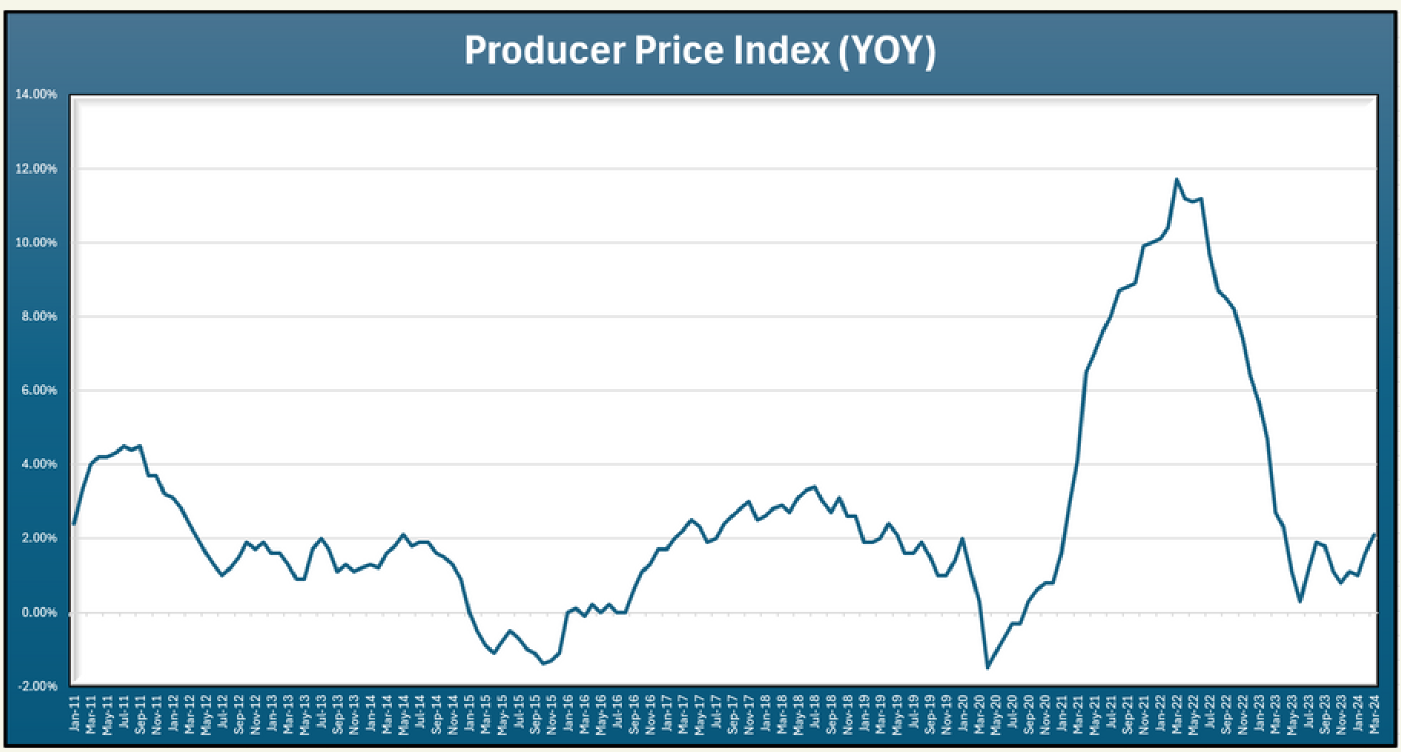
Major Stock Indices Performance Today...

S&P 500: 0.75%   Dow Jones: -0.01%   NASDAQ: 1.68%

March Producer Price Index

This index measures the fluctuation in the prices of goods and services from the perspective of producers. More specifically, the PPI tracks price changes based on the prices producers receive for their goods and services. Often, these prices are absorbed by other businesses who then sell the purchased products to consumers or other businesses, or businesses who use the products purchased in their production. As prices tracked by the PPI increase, businesses deal with higher operation costs, which can lead to those businesses raising their prices to maintain profit margins. On the other hand, when prices decrease, businesses will be less likely to raise prices and often will either keep their prices at current levels or offer a discount.

While the PPI was expected to increase by 0.3% over the month in March, it only increased by 0.2%. This slower-than-expected increase was mostly influenced by final demand goods, which saw a decrease in cost largely due to lower energy costs. Food still experienced persistent inflationary pressures, and services such as trade, transportation, and warehousing also experienced growing inflationary pressures. Overall, prices continue to rise for producers, and it’s likely to see these price increases translate into higher costs for the consumer. Compared to a year ago, PPI is up by 2.1%, which is a 0.5% jump from a month ago.



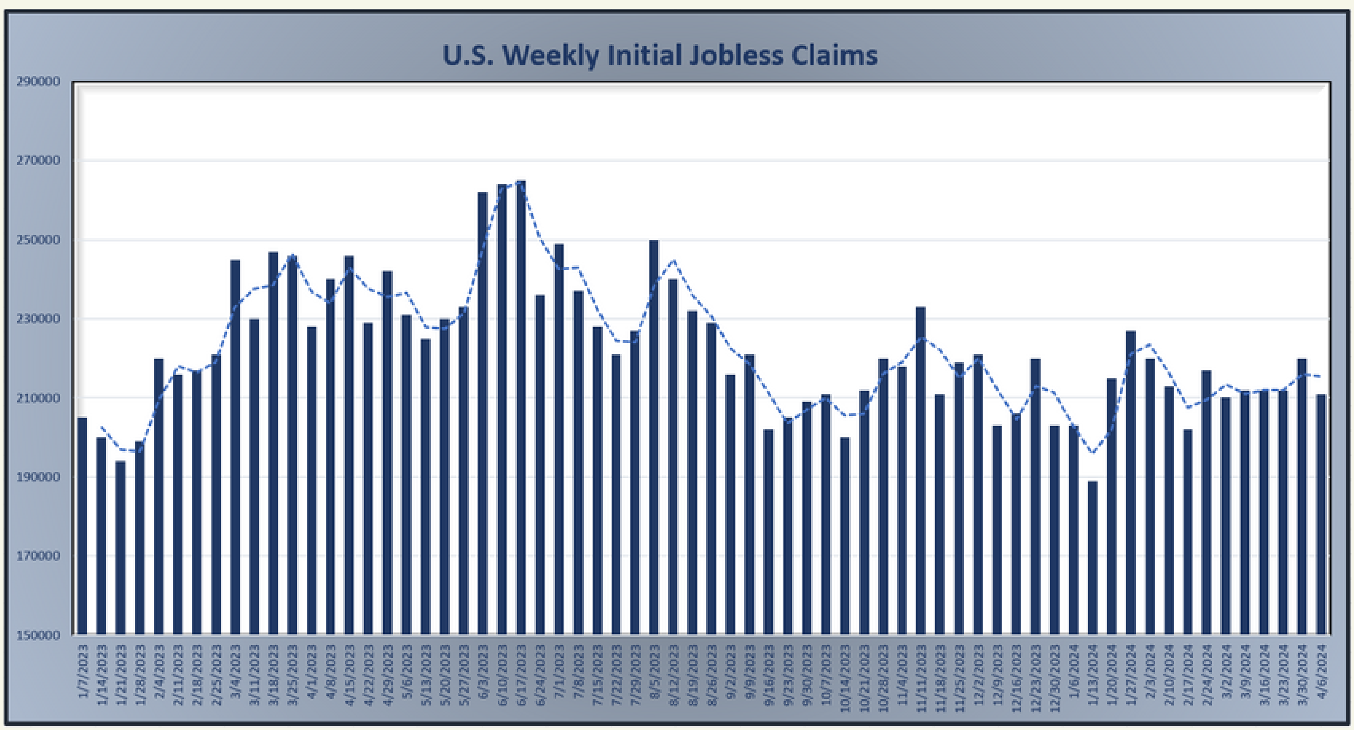
SERENE FINANCIAL SOLUTIONS

WEEKLY MARKET PULSE

U.S. Initial Jobless Claims (Week ending April 6th)

After last week's sudden uptick in initial jobless claims, representing the number of people filing for unemployment benefits and entering unemployment, initial jobless claims dropped by 11,000 to 211,000. In good news, this is down compared to the same time period last year, indicating that fewer people are leaving the workforce and entering unemployment. From the perspective of job security, it is good to see fewer people becoming unemployed. However, if we look at insured unemployment (also known as continued unemployment claims), a measure of people who have already been unemployed and are filing for continued unemployment benefits, more people are remaining unemployed than a year ago. With that said, the labor market has certainly cooled compared to last year, and it appears to continue cooling with continued unemployment claims increasing by 28,000 to 1.82 million in the most recently recorded week.

While continued claims have increased, it's important to remember that data is time-relative. Many economic data points today will not be as strong as a year ago because just a year ago, the United States was just beginning to cool off from a major economic boom. Relative to other years, continued claims are still fairly low. Compared to the historical average of 2.76 million continued claims, 1.82 million doesn't seem like very much. Many areas within the U.S. economy are cooling, but remain stronger than in many years past.



SERENE FINANCIAL SOLUTIONS

WEEKLY MARKET PULSE

FRIDAY

Major market indices were largely in the negative on Friday in response to mostly unimpressive earnings reports from some of America's largest and most prominent banks. Several major U.S. bank and financial services companies, including JPMorgan, Wells Fargo, Citigroup, and BlackRock, released quarter 1 earnings this Friday. JPMorgan, in particular, disappointed investors after failing to raise its forecasts above expectations. Due to its mostly flat forecast, JPMorgan's stock fell by over 6%.

Major Stock Indices Performance Today...

S&P 500: -1.46%   Dow Jones: -1.24%   NASDAQ: -1.62%

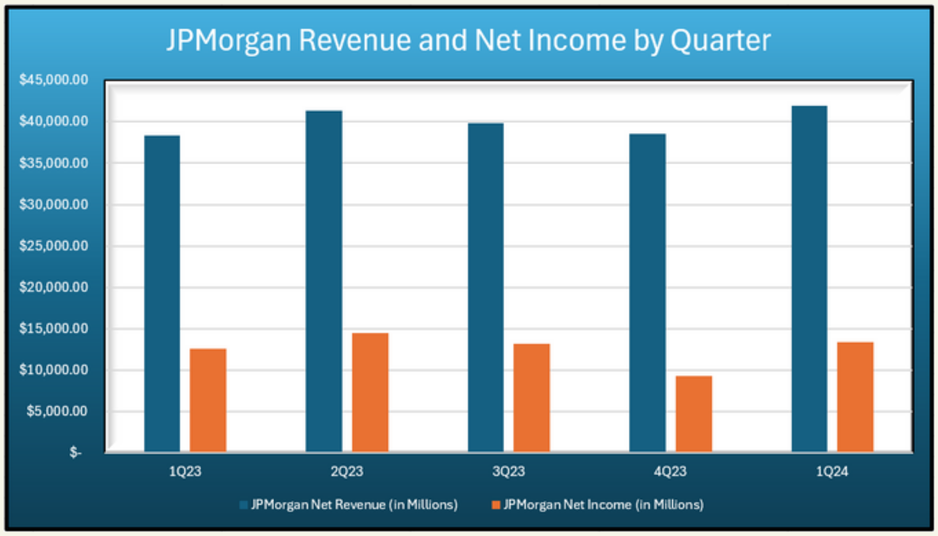
WEEKLY MARKET PULSE

Major Bank Earnings: JPMorgan

Ultimately, the company's revenue and earnings came in higher than expected, with total revenue up to $42.5 billion and earnings per share at $4.44. Over the quarter, the bank improved revenue by 9% compared to both a month and year ago and profitability by 44% compared to a month ago and 6% compared to a year ago. Compared to a year prior, specific areas of business experiencing the fastest growth have been investment banking fees, asset management fees, lower investment securities losses, and mortgage fees and related income.

Deposit balances are down for the bank, as well as many other banks, as depositors shift into higher-yielding accounts elsewhere. If you are not happy with the interest you are receiving from your bank deposit, look into money market funds, high-yield savings accounts, and bonds, preferably offered by creditworthy institutions such as the U.S. government or highly rated companies. Additionally, something to be aware of is increasing delinquency rates (representing borrowers who have not made payments on time) among the bank's borrowers. Compared to a year prior, delinquency rates for auto loans and card services are up, while being down for home lending.

Despite fairly robust growth and earnings coming in above expectations, investors wanted to see more from the bank's future guidance on interest income. For the year of 2024, JPMorgan expects net interest income to come in at $90 billion, which is below what analysts were expecting for the quarter. Compared to the previous quarter, interest income didn't budge very much, which is slightly surprising given that CEO Jamie Dimon foresees inflationary pressures remaining persistent. With inflation remaining high, expectations of rate cuts have been pushed back, sending interest rates higher. This would ultimately increase the bank's potential to earn more interest revenue, but it appears that the bank may be waiting for more incoming economic data before making significant changes to interest income guidance.

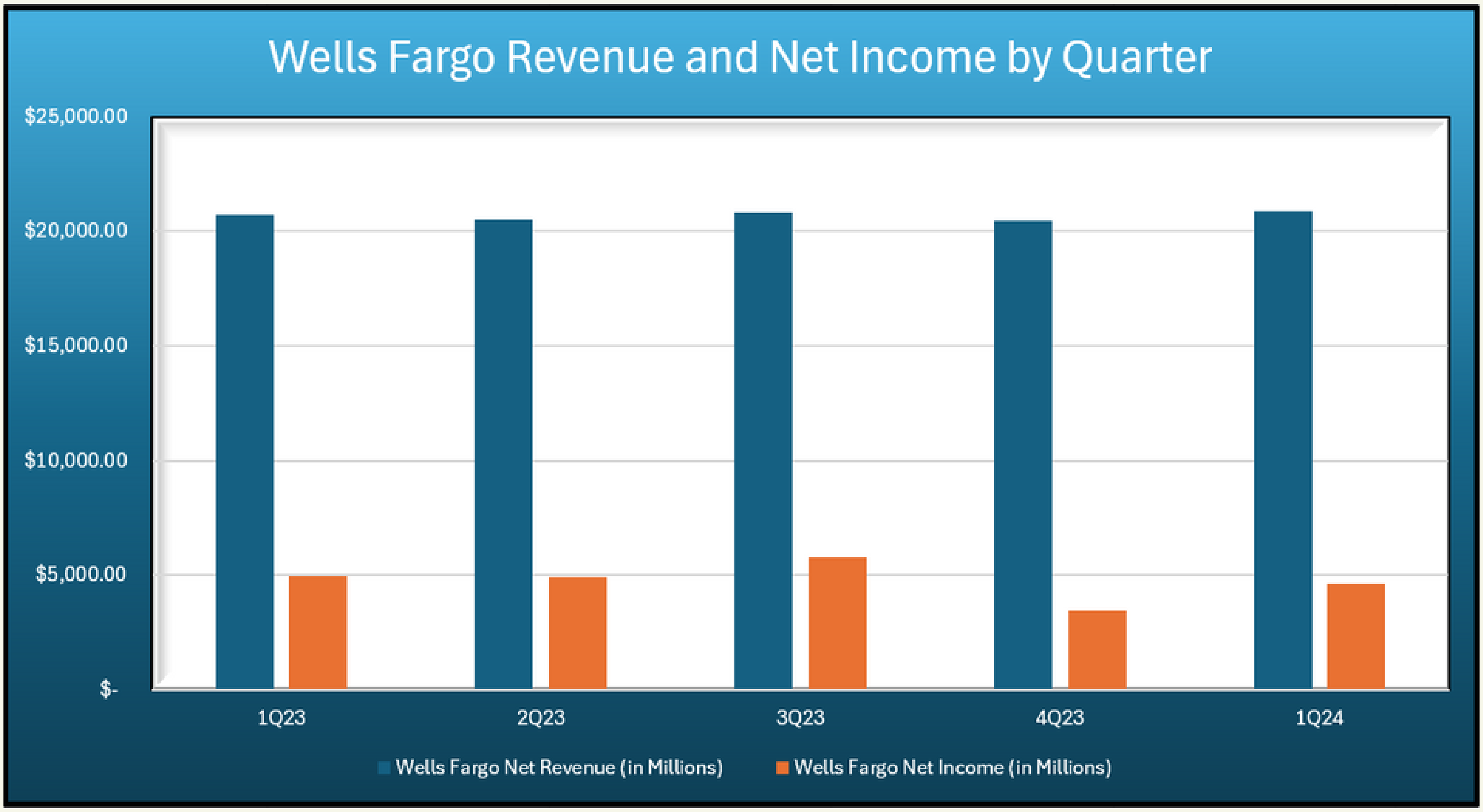


WEEKLY MARKET PULSE

Major Bank Earnings: Wells Fargo

Total revenue and earnings topped expectations, with noninterest income driving the bank's growth in the first quarter. Noninterest income rose by 17% thanks to strong results from its venture capital business, higher investment banking fees, increased fees from its wealth management department, and higher trading revenue. Net interest income fell by 8% over the period as higher rates weigh on funding costs and depositors transition funds into more high-yielding financial instruments.

A figure analysts have been paying close attention to is net charge-offs, representing the amount of money a lender expects a borrower to not pay back, which reportedly fell by 8% from the previous quarter. However, they are up over 100% compared to the same period a year ago, highlighting a growing likelihood of delinquencies. The bank reported higher net charge-offs in its credit card portfolio, highlighting a growing likelihood for consumers to miss credit card payments. While there are many areas of the economy that are displaying strong growth, it's clear that consumers are feeling the pain of higher costs and interest rates.



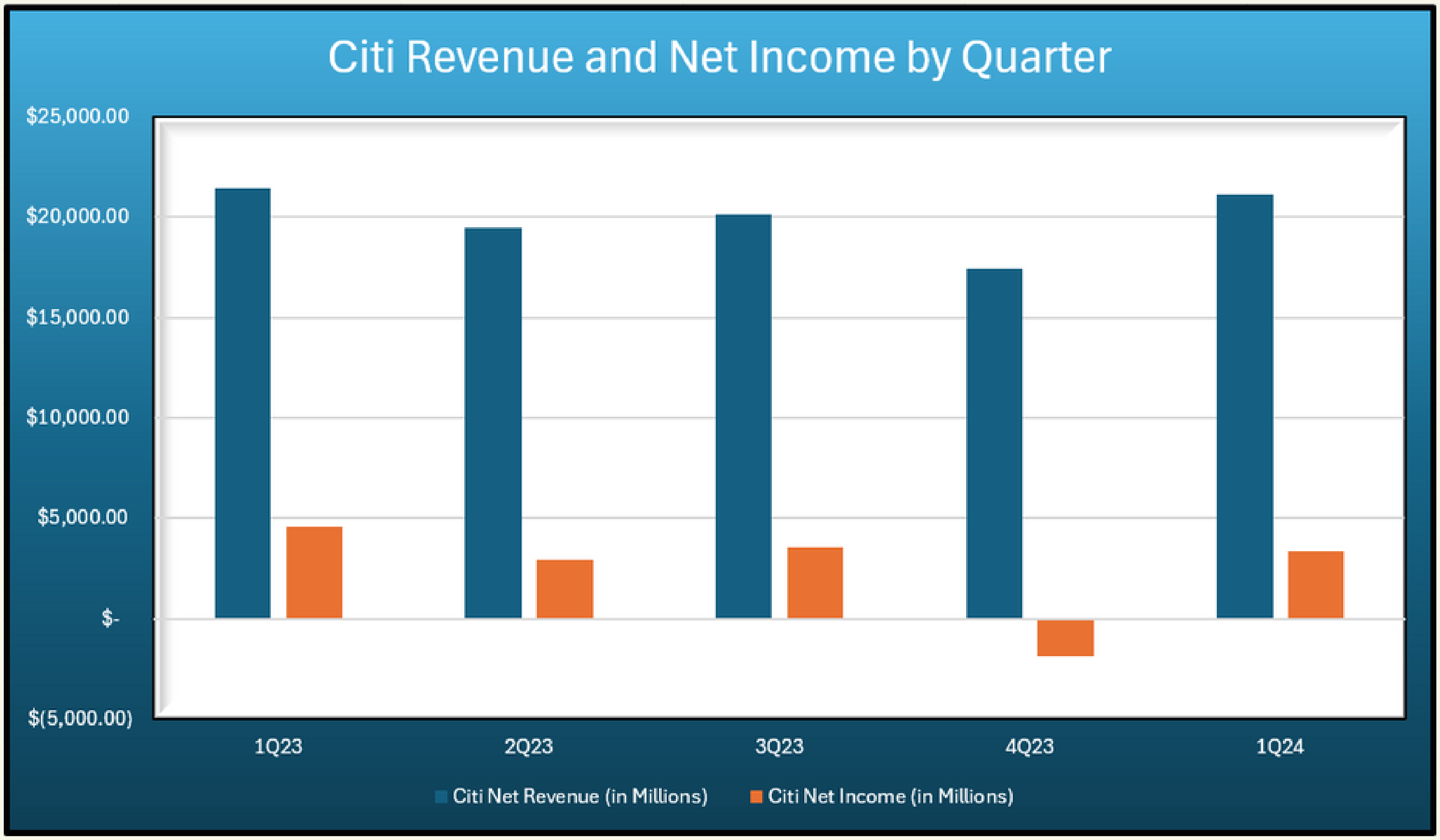
WEEKLY MARKET PULSE

SERENE FINANCIAL SOLUTIONS

Major Bank Earnings: Citigroup

Citi beat revenue and earnings expectations and performed significantly better than in the previous quarter. Compared to Q4 2023, Citi grew its net revenue by 21%, driven by banking, U.S. personal banking, and services. If we take a look at a year prior, however, the bank's revenues are down slightly by 2% and net income down by 27%.

The bank's Treasury and Trade Solutions within its services division saw a 4% increase in net interest income due to benefits received from a high-rate environment. Noninterest income rose faster, by a rate of 9%, thanks to growing cross-border volumes and higher commercial card spending. With more companies issuing stock and bonds to fund their operations, Citigroup benefitted from facilitating corporate financing, raising investment banking revenues by 35%. Advisory revenues, which track revenues earned from facilitating mergers between companies, have fallen by double digits. This is another important metric analysts have paid close attention to. Company mergers and acquisitions ultimately represent market growth, and they have recently fallen due to higher interest rates, companies failing to agree on deal prices, and economic uncertainty.

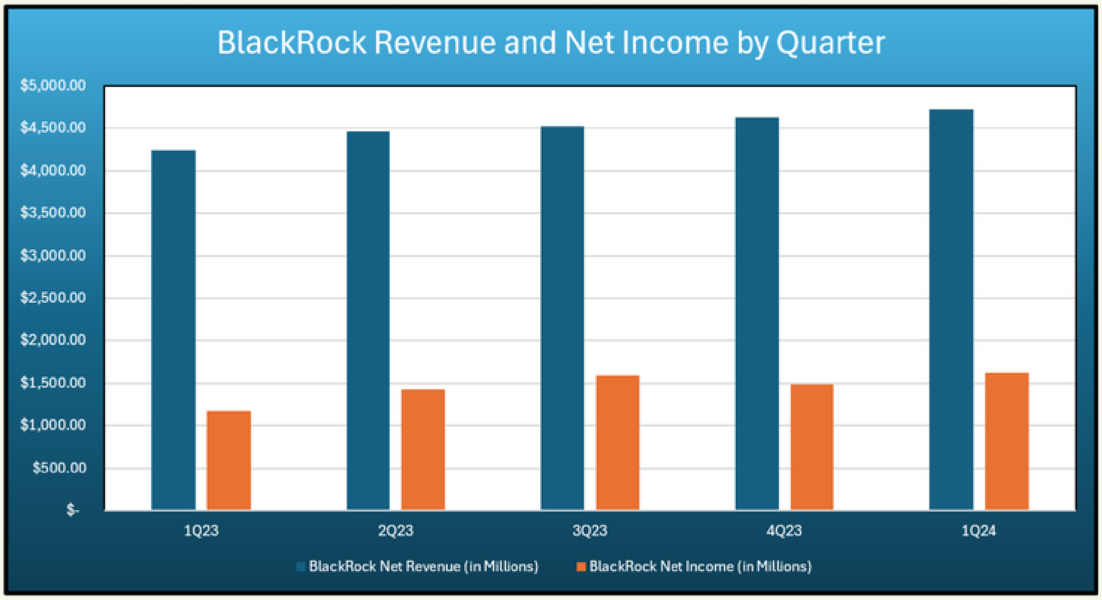


Major Bank Earnings: BlackRock

One of the world's largest investment management companies, BlackRock, beat revenue and earnings expectations, with growing assets under management, fee growth, and growing tech services revenue. Compared to a year prior, revenue has increased by 11% to $4.7 billion and operating income has risen by 18% to $1.7 billion, highlighting growing profitability.

Taking a look at the company's investment performance, fixed income overall has outperformed benchmarks and competitors, particularly over the past year. Within fixed-income, BlackRock's investments in taxable fixed-income have performed significantly better than their tax-exempt investments, with 93% of taxable fixed-income investments beating benchmarks and competitors over the past 5 years, but only 44% of tax-exempt fixed-income investments beating benchmarks and competitors over 5 years. For equities or stocks, the company has also outperformed benchmarks and competitors over the past year, with 66% of fundamentally managed funds outperforming and 92% of systematically managed funds outperforming. Interestingly, BlackRock's systematic funds, which utilize data-driven models and algorithms to make investment decisions, are more likely to outperform than fundamental funds, which focus on analyzing a company's financial health, market position, and potential for long-term growth. Over the past 5 years, 90% of systematic funds beat the benchmark and competitors whereas 79% of fundamental funds outperformed.

While not certain, it is possible to see BlackRock's AUM, particularly in equity funds, see a strong net inflow when interest rates are eventually cut. This is because once interest rates are cut, interest rates across the fixed-income market will decrease causing investors to transition money out of fixed-income into other assets, such as stocks.



MAJOR STOCK INDEX PERFORMANCE

	S&P 500	Dow Jones Industrial Average	Nasdaq Composite
Percent Change (Monday)	-0.04%	-0.03%	0.03%
Percent Change (Tuesday)	0.14%	-0.02%	0.32%
Percent Change (Wednesday)	-0.95%	-1.09%	-0.84%
Percent Change (Thursday)	0.75%	-0.01%	1.68%
Percent Change (Friday)	-1.46%	-1.24%	-1.62%
Weekly Change	-1.55%	-2.37%	-0.45%

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	5.48	5.49	5.43	5.41	5.35	5.07	4.78	4.6	4.43	4.43	4.42	4.65	4.55
Tuesday	5.48	5.49	5.43	5.41	5.34	5.03	4.74	4.52	4.37	4.38	4.36	4.6	4.5
Wednesday	5.49	5.5	5.45	5.44	5.4	5.19	4.97	4.77	4.61	4.59	4.55	4.76	4.64
Thursday	5.48	5.51	5.45	5.44	5.38	5.17	4.93	4.77	4.61	4.6	4.56	4.77	4.65
Friday	5.48	5.5	5.45	5.42	5.36	5.13	4.88	4.7	4.54	4.53	4.5	4.73	4.61

LINKS TO ECONOMIC/FINANCIAL DATA FROM THIS WEEK

March Consumer Price Index

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

March Producer Price Index

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

U.S. Initial Jobless Claims (Week ending April 6th)

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

JPMorgan Earnings

https://www.jpmorganchase.com/ir/quarterly-earnings

Wells Fargo Earnings

https://www.wellsfargo.com/about/investor-relations/quarterly-earnings/

Citigroup Earnings

https://www.citigroup.com/global/investors/quarterly-earnings

BlackRock Earnings

https://ir.blackrock.com/financials/quarterly-results/default.aspx

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