

MONDAY

Major market indices started the week on a robust footing, buoyed by optimism stemming from the previous week's weaker-than-expected jobs report. As the labor market shows signs of cooling, analysts anticipate that the Federal Reserve may opt to lower interest rates later this year. If such a decision is made in response to a less favorable market outlook, it would essentially signify the Federal Reserve's attempt to address the ongoing labor challenges faced by Americans by stimulating the American economy.

When interest rates are lowered, it results in greater availability of credit and reduced borrowing costs, thereby facilitating business expansion and encouraging consumer spending. This can potentially spur economic growth by incentivizing investment and consumption.

Major Stock Indices Performance Today...

S&P 500: 1.03%

Dow Jones: 0.46%

NASDAQ: 1.19%

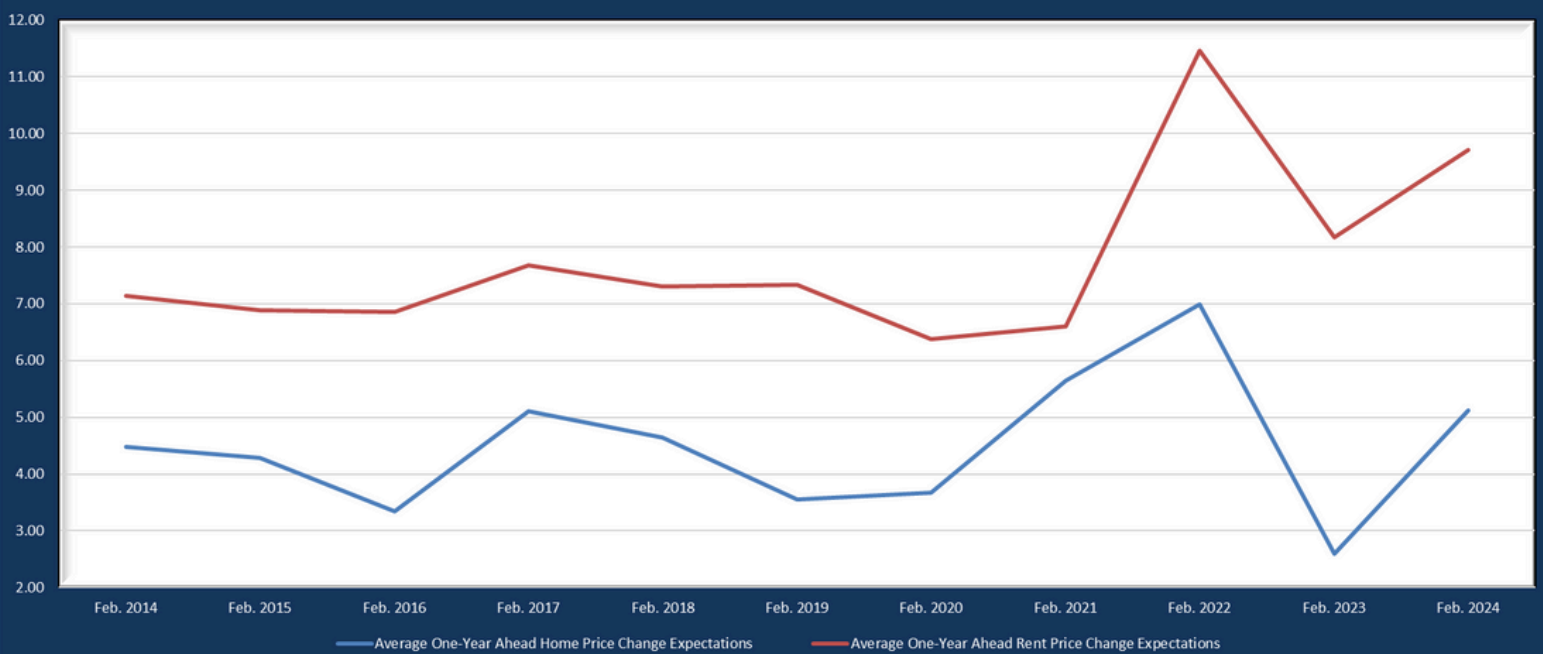


2024 SCE Housing Survey

In this survey, households across the United States offer their perspectives on the current state of the housing market and their outlook for its future trajectory. While this survey relies heavily on subjective opinions, it serves as a barometer for how Americans perceive both the present and future conditions of the housing sector. Just last February, surveyed households anticipated a modest 2.6% increase in home prices over the year. However, this February, expectations have significantly shifted, with households now forecasting a robust 5.1% increase in home prices over the next year.

On the rental front, households anticipate even swifter growth, with rents projected to escalate at a rate of 9.7%. This expectation likely stems from landlords feeling confident in sustained demand from renters who may find homeownership financially out of reach. With average home prices surpassing \$500,000, many Americans harbor doubts about their ability to ever afford a home. On average, renters perceive only a 40% likelihood of owning a primary residence in the future, marking a historic low dating back to February 2015, largely influenced by the exorbitant costs associated with homeownership.

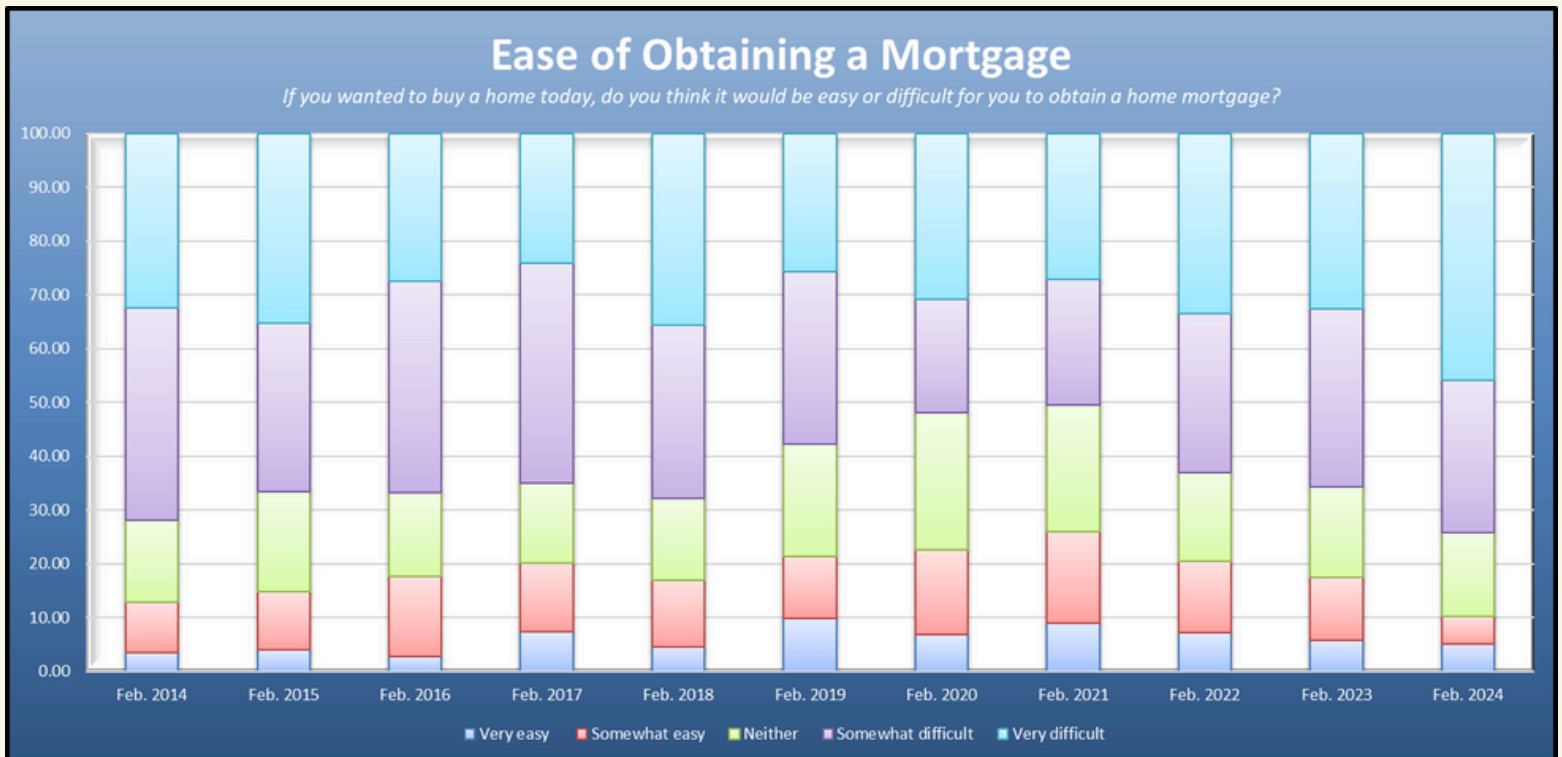
Percent Changes in the Price of Homes and Rent



2024 SCE Housing Survey

While the data might suggest a preference for renting, the reality is quite the opposite. Approximately 70% of surveyed households express a strong preference or preference for homeownership. However, despite this desire, many households believe the odds of ever owning a home are less than 50%. The soaring costs of homeownership in the United States have rendered the dream of homeownership unattainable for numerous individuals, leading to feelings of discouragement.

Yet, amidst these challenges, there is room for proactive financial planning. Despite the current trend of people dipping into savings and spending more amid escalating living expenses, you can create a goal for yourself to start or continue saving for a home if you plan to own a home one day. In addition, establishing a dedicated savings account for this purpose and consistently allocating funds toward it over time can significantly bolster your ability to achieve the dream of owning a home.



TUESDAY

Markets closed largely unchanged on Tuesday, with Disney dominating the spotlight in the stock market. Walt Disney unveiled its quarterly earnings, revealing a modest 1% uptick in revenues and a notable 17% surge in operating income, driven primarily by improved profitability in its entertainment and experiences segments. Within its streaming and broadcasting services, Disney+ revenues climbed 6%, ESPN revenues increased by 3%, and Hulu revenues inched up by 1%, signaling steady but modest growth in these areas.

Disney also witnessed robust growth in its parks, experiences, and consumer products revenues, boasting a total 10% rise, chiefly fueled by increased international revenue from parks and experiences. Overall, the bulk of Disney's revenue growth stems from the company hiking prices in its various areas of business - such as for park and cruise tickets and streaming subscriptions. Despite these generally positive financial outcomes, investors responded harshly to Disney's stock on Tuesday. The company's stock price plummeted by over 9% following Disney's projection of weaker results in its entertainment streaming division.

Major Stock Indices Performance Today...

S&P 500: 0.13%

Dow Jones: 0.08%

NASDAQ: -0.10%



March 2024 Monthly Wholesale Trade

U.S. wholesale trade, encompassing a wide array of products such as cars, clothing, groceries, and machinery, experienced a notable 1.3% increase from the previous March, reaching a total of \$663 billion in sales. Among wholesale goods, several categories saw significant seasonally adjusted sales increases, with drugs leading the pack at 7.7%, followed by automotive products at 6.8%, and consumer electronics, electrical equipment, and appliances at 3.9%.

Conversely, certain wholesale goods witnessed declines in sales, including farm products (-12.8%), metal and minerals (-12.6%), and furniture (-5.1%). Although wholesale goods sales showed improvement compared to the previous year, they still fall short of the historical average dating back to January 1993, which stands at 5.2%. This indicates that while there is growth, it is occurring at a slower pace than the long-term average, suggesting modest expansion in wholesale sales over the period.

Despite this tempered growth rate, total dollar sales for wholesale goods have surged by over 30% compared to five years ago, as of March 2019. Overall, wholesale trade remains robust, but the pace of growth has been restrained, influenced by higher interest rates dampening demand.



WEDNESDAY

Stocks ended the day with mixed performance, with the Dow Jones leading market gains on Wednesday.

Uber, one of the world's leading rideshare services, continued its expansion trajectory, reporting a notable 21% increase in the number of trips in 2024, reaching a total of 2.6 billion trips. The company also saw a 15% uptick in revenues, amounting to \$10.1 billion. While Uber achieved profitability in operating income, it concluded the quarter with a net loss. In terms of cash flow, Uber demonstrated a substantial increase in cash generation compared to the same quarter in 2023, primarily attributed to gains from the sale of its debt and equity securities.

Despite these positive growth indicators, Uber's stock value experienced a decline following its failure to meet analyst expectations.

Major Stock Indices Performance Today...

S&P 500: 0.00%

Dow Jones: 0.44%

NASDAQ: -0.18%



THURSDAY

Yields on U.S. government debt, particularly longer-term bonds, experienced a decline in response to the latest initial jobless claims report, which revealed a higher number of jobless claims than anticipated. The increase in unemployment, coupled with a recent labor market report indicating weaker-than-expected performance, has heightened analysts' expectations for a potential rate cut by the Federal Reserve.

As the labor market shows signs of slowing, there is growing concern that other sectors of the economy may also experience deceleration, signaling a broader economic slowdown.

Major Stock Indices Performance Today...

S&P 500: 0.51%

Dow Jones: 0.85%

NASDAQ: 0.27%

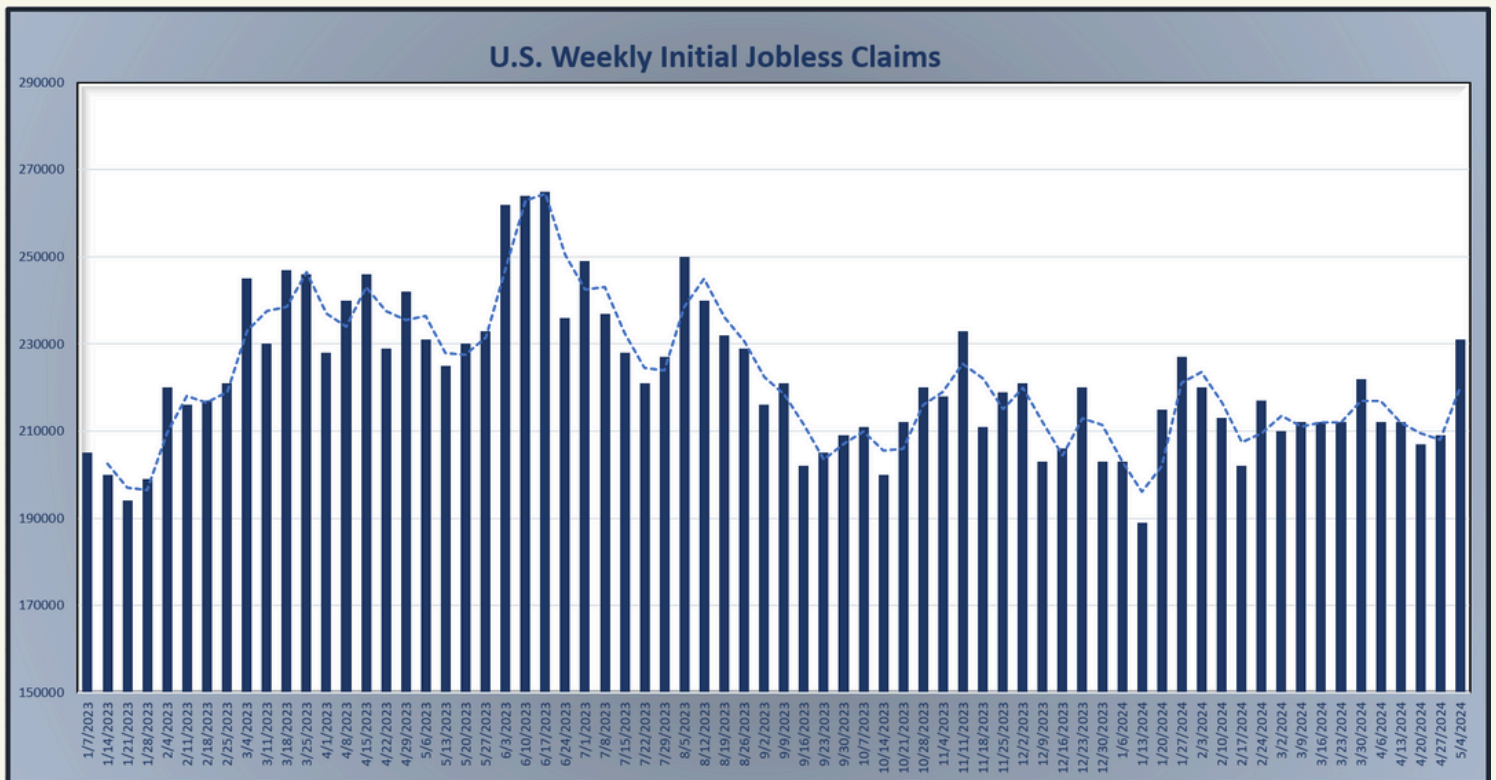


U.S. Initial Jobless Claims (Week ending May 4th)

U.S. Initial Jobless Claims, reflecting the number of individuals applying for unemployment benefits, surged from a revised level of 209,000 in the previous week to 231,000. This marks the most significant weekly increase in initial jobless claims since January and represents the highest total number of initial claims since August 2023. While the sudden spike in initial claims over just one week is cause for concern, it remains crucial to monitor whether this uptick evolves into a sustained trend.

States experiencing the most substantial increases in layoffs during the week included Iowa and Illinois, with layoffs spanning industries such as manufacturing, construction, administrative services, and waste management.

In addition, continued jobless claims, which are filed by individuals who were already unemployed and remain so, climbed by 17,000 in the most recent reporting period. This suggests that the number of people entering or remaining in unemployment is outpacing those exiting the unemployment pool. The current level of continued claims stands at 1.785 million, representing a 4.6% increase compared to the same period in the previous year.



FRIDAY

The Dow maintained its upward trajectory on Friday, extending its longest streak of consecutive gains since last December.

Taiwan Semiconductor Manufacturing Company (TSMC) grabbed attention on Friday following the release of its net revenue figures for April, which surged by nearly 60% compared to April 2023. April's net revenue marked the second-highest monthly revenue on record for TSMC. Moreover, with TSMC demonstrating robust revenue growth throughout 2024, the company is poised to achieve record annual revenues.

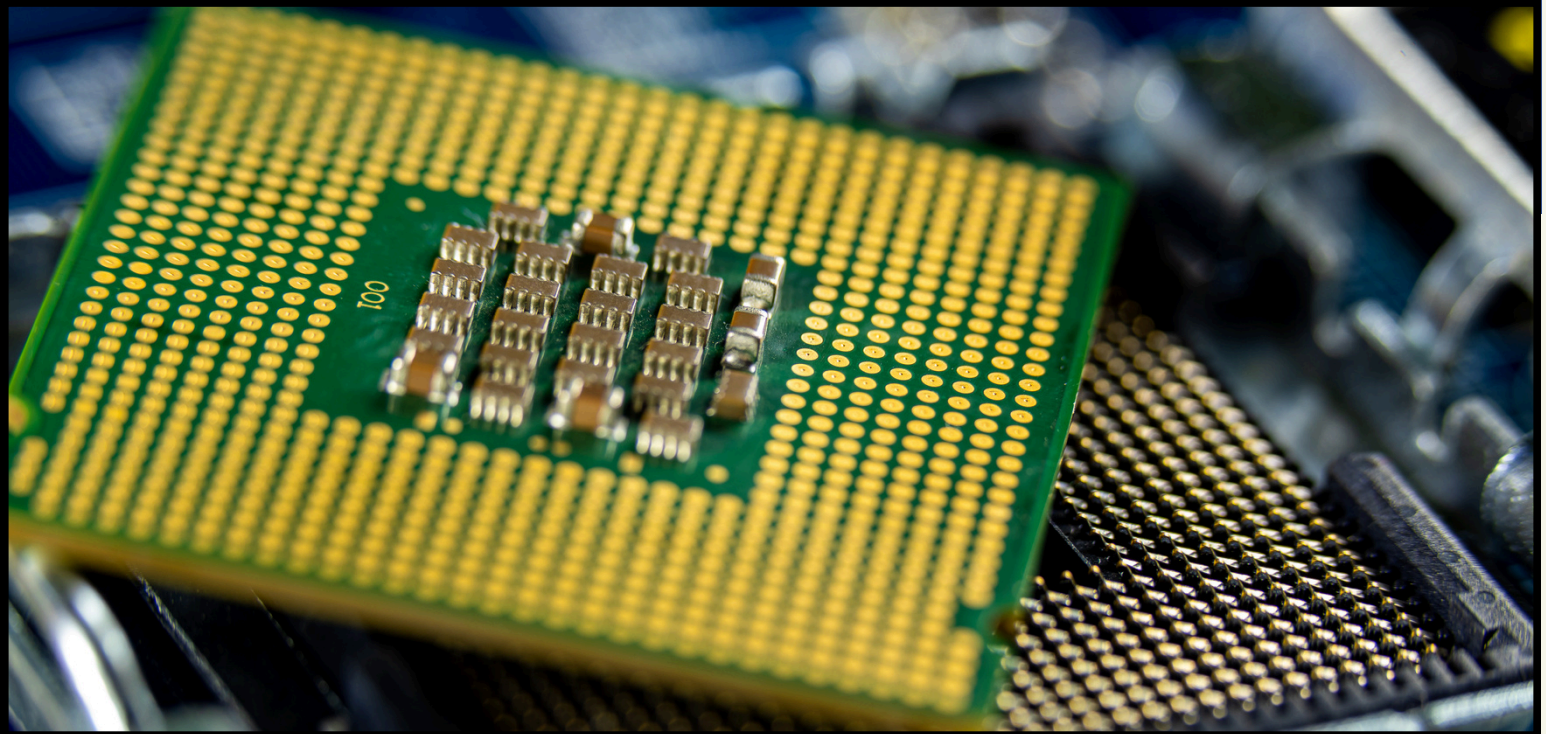
The strong growth in revenue and evident demand for TSMC's chips propelled the company's stock price by nearly 5%. This significant increase reflects investor confidence in TSMC's performance and outlook amidst the ongoing semiconductor industry boom.

Major Stock Indices Performance Today...

S&P 500: 0.16%

Dow Jones: 0.32%

NASDAQ: -0.03%



Second Quarter 2024 Survey of Professional Forecasters

In this comprehensive survey, 34 forecasters hailing from prominent educational and financial institutions, including Moody's Analytics, Visa, Wells Fargo, J.P. Morgan, Goldman Sachs, Morgan Stanley, and UCLA, among others, share their insights into the economic landscape for the near, mid, and long-term future. Their forecasts span from the second quarter of 2024 to 2027, encompassing key economic indicators such as real GDP, employment data, and inflation, among others.

Overall, these forecasters anticipate a more robust growth trajectory for the United States economy than previously anticipated just three months ago. For the second quarter of 2024, they project real GDP to expand at a rate of 2.1%, a significant upward revision from the earlier estimate of 1.5%. Despite the headwinds posed by higher interest rates, the American economy appears resilient, with forecasters foreseeing strong growth in the near term. While the accuracy of their predictions remains subject to real-time data updates, the rationale behind their upward revisions in GDP growth lies in the recent strength exhibited by economic indicators.

Median Forecasts for Selected Variables in the Current and Previous Surveys

	REAL GDP (%)		UNEMPLOYMENT RATE (%)		PAYROLLS (000S/MONTH)	
	PREVIOUS	NEW	PREVIOUS	NEW	PREVIOUS	NEW
<i>Quarterly data:</i>						
2024:Q2	1.5	2.1	3.9	3.9	119.8	200
2024:Q3	1.5	2	4	4	114.6	147.3
2024:Q4	1.7	1.5	4	4	122.4	129.7
2025:Q1	1.8	1.8	4.1	4.1	133.5	144.2
2025:Q2	N.A.	2	N.A.	4.1	N.A.	108.7
<i>Annual data:</i>						
2024	2.4	2.5	3.9	3.9	190	212.6
2025	1.8	1.9	4.1	4.1	111.7	140.6
2026	2.2	1.9	4.1	4.1	N.A.	N.A.
2027	1.7	2.1	4	4.1	N.A.	N.A.

Second Quarter 2024 Survey of Professional Forecasters

Regarding employment data, forecasters have largely maintained their projections for the unemployment rate but anticipate job growth to outpace previous expectations. This optimism stems from recent increases in nonfarm payroll employment, which surpassed earlier forecasts. While initial expectations pegged job gains at 235,900 per month in the first quarter of 2024, the actual average rate per month turned out to be significantly higher, hovering around 270,000.

Furthermore, inflation expectations have surged, reflecting the current trend of rising prices and overall cost of living pressures experienced by many Americans. Notably, forecasts for Core PCE inflation, the Federal Reserve's preferred inflation gauge, have been revised upwards from 2.1% three months ago to 3% most recently. The revision underscores the persistence of inflationary pressures, prompting forecasters to adjust their expectations accordingly. Interestingly, their confidence in inflation receding to near 2% just three months ago has swiftly eroded in light of recent data indicating higher-than-expected inflation levels. If inflation continues to remain persistent, the Federal Reserve will be discouraged from cutting interest rates. Inflation hurts the most financially and economically vulnerable Americans the most, which is why it is essential that the Federal Reserve does not lower rates too soon. If they do, the Fed could risk inflation increasing at even faster rates, causing low-income earners and people living paycheck to paycheck to experience the worst of higher costs of living.

Median Short-Run and Long-Run Projections for Inflation (Annualized Percentage Points)

	HEADLINE CPI		CORE CPI		HEADLINE PCE		CORE PCE	
	PREVIOUS	CURRENT	PREVIOUS	CURRENT	PREVIOUS	CURRENT	PREVIOUS	CURRENT
<i>Quarterly:</i>								
2024:Q2	2.5	3.4	2.7	3.5	2.1	3.1	2.1	3
2024:Q3	2.4	2.8	2.6	3	2.1	2.4	2.1	2.5
2024:Q4	2.4	2.5	2.4	2.7	2.1	2.2	2.1	2.4
2025:Q1	2.3	2.4	2.4	2.7	2	2.2	2.1	2.4
2025:Q2	N.A.	2.3	N.A.	2.5	N.A.	2.1	N.A.	2.3
<i>Q4/Q4 Annual Averages:</i>								
2024	2.5	3.1	2.7	3.4	2.1	2.8	2.1	2.9
2025	2.2	2.4	2.3	2.5	2	2.2	2	2.2
2026	2.3	2.3	2.3	2.4	2	2.1	2	2.1

MAJOR STOCK INDEX PERFORMANCE

	S&P 500	Dow Jones Industrial Average	Nasdaq Composite
Percent Change (Monday)	1.03%	0.46%	1.19%
Percent Change (Tuesday)	0.13%	0.08%	-0.10%
Percent Change (Wednesday)	0.00%	0.44%	-0.18%
Percent Change (Thursday)	0.51%	0.85%	0.27%
Percent Change (Friday)	0.16%	0.32%	-0.03%
Weekly Change	1.85%	2.16%	1.14%

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	5.48	5.45	5.5	5.42	5.12	4.82	4.64	4.48	4.48	4.49	4.73	4.64
Tuesday	5.51	5.48	5.45	5.51	5.41	5.13	4.82	4.6	4.48	4.47	4.47	4.7	4.61
Wednesday	5.51	5.47	5.45	5.5	5.41	5.13	4.84	4.63	4.5	4.49	4.48	4.73	4.64
Thursday	5.51	5.48	5.46	5.5	5.41	5.12	4.8	4.6	4.47	4.46	4.45	4.7	4.6
Friday	5.51	5.47	5.47	5.51	5.43	5.17	4.87	4.65	4.52	4.51	4.5	4.74	4.64

LINKS TO ECONOMIC/FINANCIAL DATA FROM THIS WEEK

2024 SCE Housing Survey

[https://www.newyorkfed.org/microeconomics/sce/housing_prices_1_using%20.html#/housing_prices_1](https://www.newyorkfed.org/microeconomics/sce/housing_prices_1_using%20.html#/)

March 2024 Monthly Wholesale Trade

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

U.S. Initial Jobless Claims (Week ending May 4th)

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

Second Quarter 2024 Survey of Professional Forecasters

<https://www.philadelphiafed.org/surveys-and-data/real-time-data-research/spf-q2-2024>

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