

MONDAY

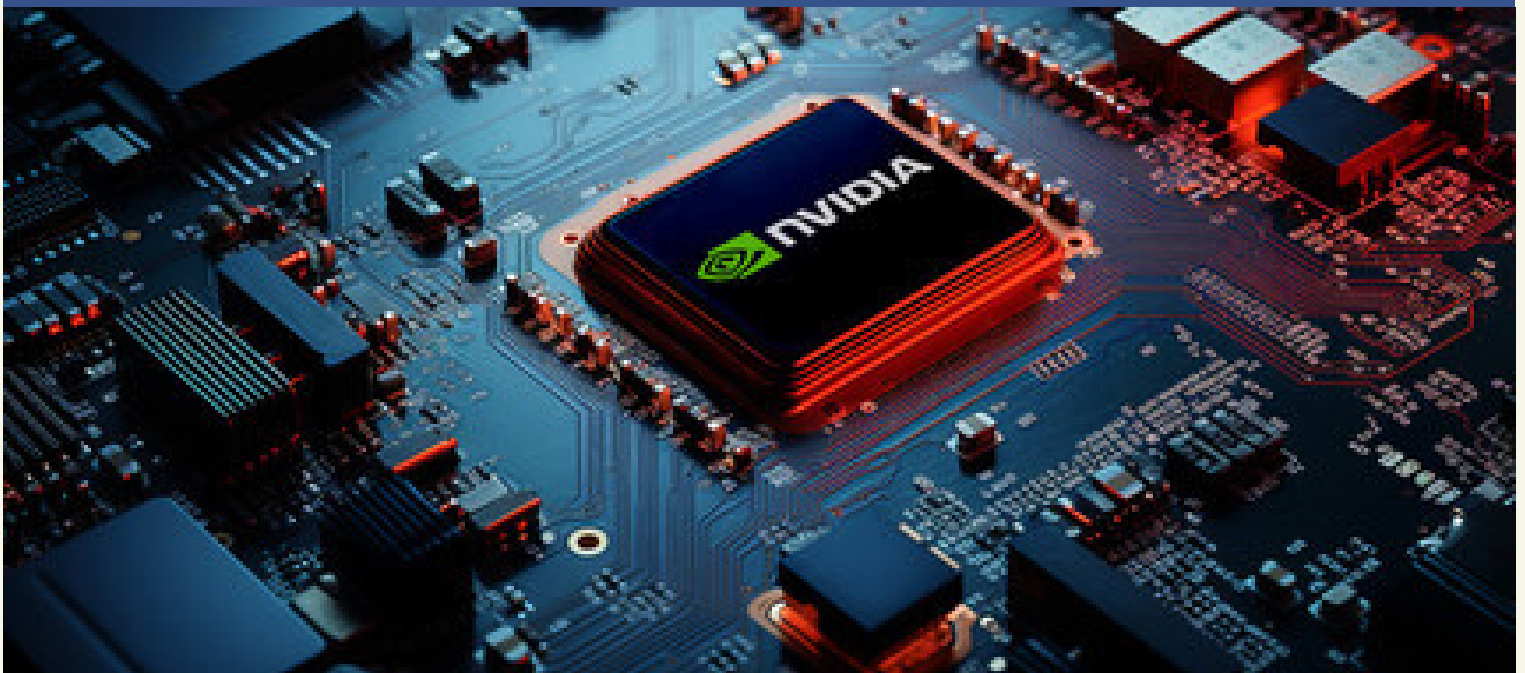
Major stock indices began to recover, after experiencing a tough first week of 2024. Tech, in particular, enjoyed substantial gains largely in response to big tech companies announcing some new and exciting products that could be coming to market soon. Nvidia, a major leader in AI, announced that it would be introducing new AI chips marketed toward PC use. These new GPUs are set to offer never-before-seen computing capabilities: improved video quality, higher processing speeds, and enhanced productivity. Due to their unparalleled ability to quickly generate top-quality images, Nvidia expects its new GPUs to revolutionize the gaming industry, positioning Nvidia to grab customer attention by vastly improving the gaming experience. In response to Nvidia's announcement, its stock ended the day with a 6% gain. This pushed up the broader tech industry because it's not only good news for Nvidia, but for nearly all of tech. Innovative products, such as Nvidia's new AI-powered GPUs, signal to consumers and investors the wave of innovation that will be brought about by AI.

Major Stock Indices Performance Today...

S&P 500: 1.41%

Dow Jones: 0.58%

NASDAQ: 2.20%

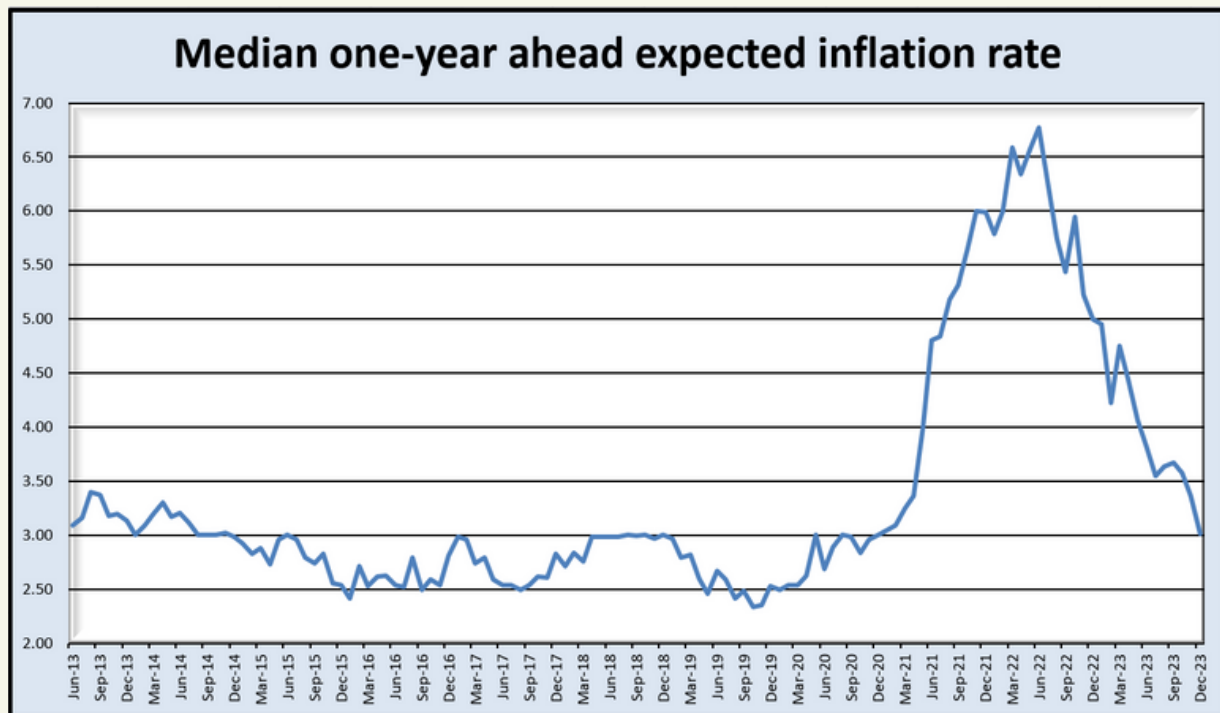


December Survey of Consumer Expectations (One-Year Ahead)

This survey offers valuable insights into the perceptions of American consumers regarding the future state of the economy and their financial well-being. Understanding how consumers view their current financial situations, as well as the broader economic environment, is crucial for comprehending the impact of factors such as inflation, wage growth, and labor market conditions on the American people.

Inflation Expectations: As of December, surveyed consumers anticipated inflation to grow by 3% from December 2023 to December 2024. While this expectation indicates an anticipation of price increases in 2024, it marks a substantial improvement from the previous month when the expected inflation rate a year ahead from November 2023 was 3.4%. This significant decrease in inflation expectations is likely attributed to stabilized prices and recent declines in the overall inflation rate.

Home Price Expectations: Over the past several months, consumers have maintained consistent expectations for annual home price changes. In the December survey, expectations for home price changes a year ahead remained at 3%, likely influenced by a combination of reduced home sales and a low inventory of homes for sale.

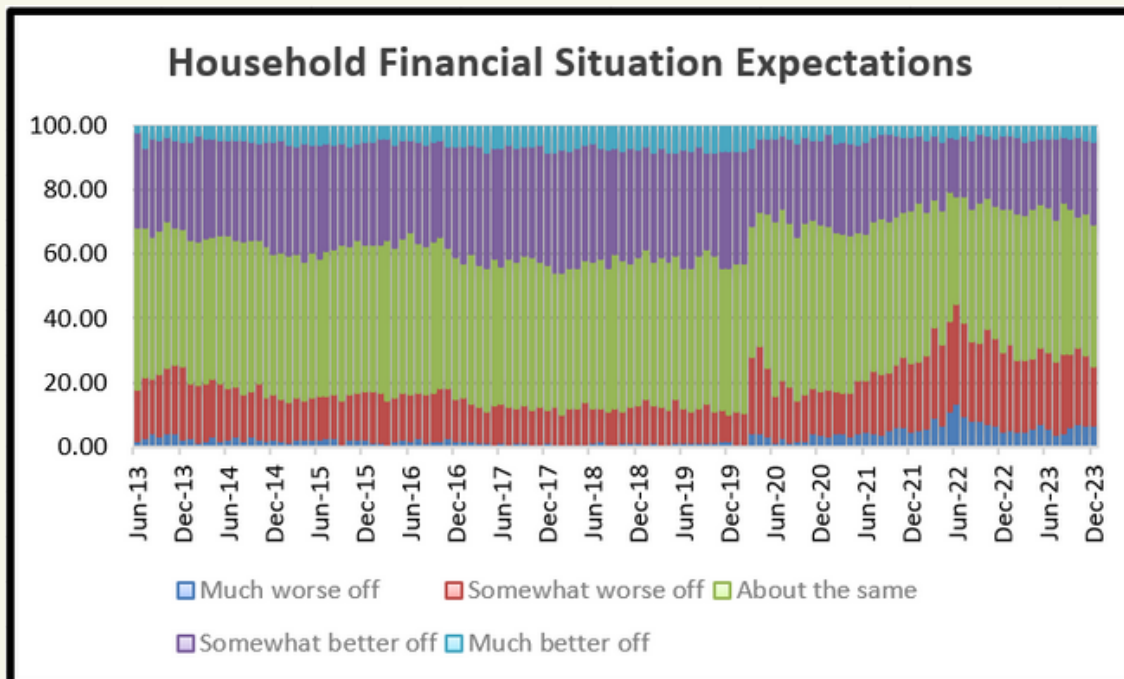


December Survey of Consumer Expectations (One-Year Ahead)

Earnings Growth Expectations: After remaining relatively flat for around two years, expectations for earnings growth have started to decline, dropping from 3% growth in September to 2.5% in December. It is noteworthy that consumers anticipate increases in prices (inflation) to outpace increases in earnings. While consumers expect earnings to grow by 2.5%, they also expect inflation to rise by 3%.

Job Separation Expectations: Encouragingly, positive news seems concentrated around the labor market. Consumer expectations for losing their job by December 2024 decreased slightly by 0.2%, with the average expected probability of survey respondents losing their jobs being 13.4%. Additionally, the mean expected probability of consumers voluntarily leaving their jobs by December 2024 increased by nearly a percent to 20.4%. There could be various reasons for this change, but generally, it is favorable for workers when expectations of voluntarily leaving a job outpace expectations for job loss via layoff. In terms of job security, consumers appear to be in relatively advantageous positions.

Household Financial Situation: A crucial aspect to consider is how consumers envision their financial situations in the future. Interestingly, more consumers expect their financial situation to improve, while fewer anticipate a worsening financial situation. These expectations likely stem from projections of slowing inflation and lower interest rates.



TUESDAY

In the spotlight on Monday and Tuesday was Boeing but for all the wrong reasons. On Saturday, January 6th, the Federal Aviation Administration mandated the grounding and inspection of certain Boeing 737 MAX 9 airplanes before they could resume flight operations. This directive stemmed from an incident involving an Alaska Airlines-operated plane of this model losing its door plug mid-flight. Subsequent to this incident, the FAA inspected Boeing 737 MAX 9 aircraft and identified several planes with loose bolts in other door plugs of the same model. These defects have raised significant concerns among investors, travelers, and Boeing itself, leading to severe consequences for the company's stock value. In just two days, Boeing's stock price plummeted by over 9%. The loss of trust in Boeing planes is apparent and justified.

Major Stock Indices Performance Today...

S&P 500: -0.15%

Dow Jones: 0.42%

NASDAQ: 0.09%

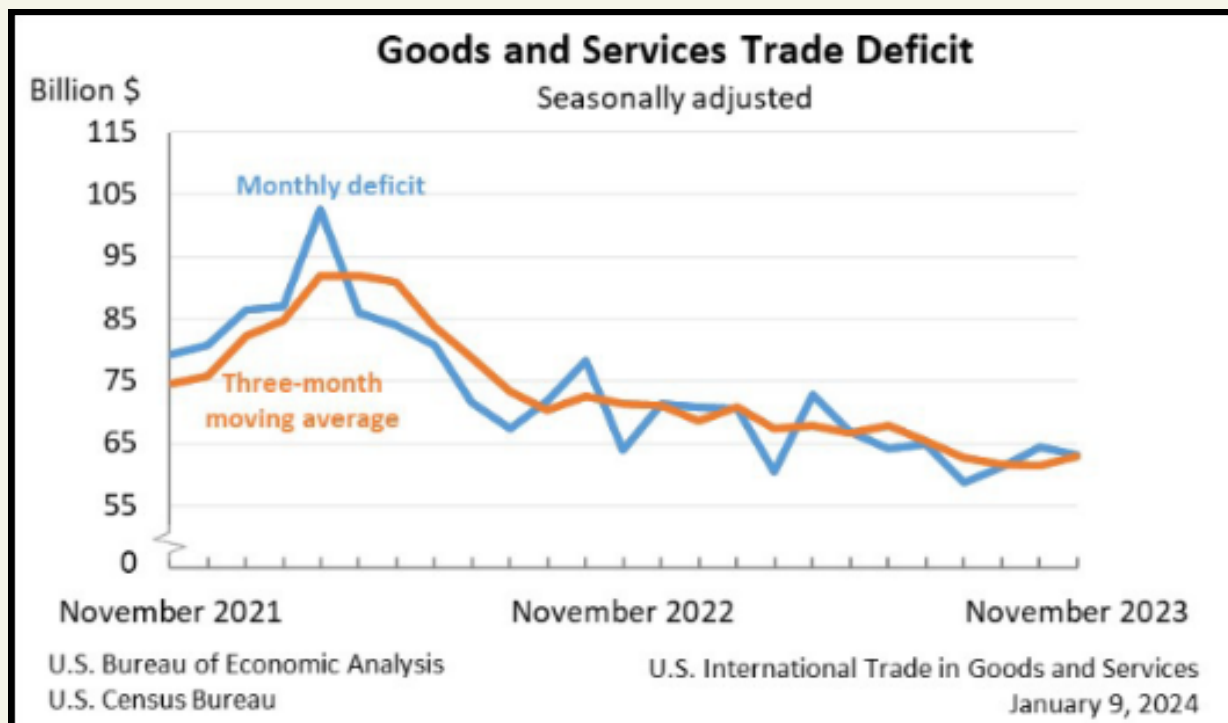


November U.S. International Trade Balance

Based on data from the U.S. Census Bureau, both exports and imports experienced a 1.9% decline in November 2023. This indicates that U.S. businesses sold fewer goods and services in foreign markets, and American consumers purchased fewer goods and services from other nations. The total dollar value of imports significantly surpasses that of exports, with total imports valued at \$316.9 billion and exports at \$253.7 billion, resulting in a total international trade deficit of \$63.2 billion.

Consistent with recent history, the United States has been buying more from other countries than it has been selling, a scenario viewed positively by some and negatively by others. On one hand, it suggests that Americans have enough disposable income to spend on foreign goods and services. On the other hand, it signifies that money is flowing to businesses in other countries instead of contributing to domestic businesses in the United States.

Following 2020, known as the onset of the COVID-19 pandemic, the United States' trade deficit surpassed previous highs observed around the 2008 Great Recession. This increase can be largely attributed to exceptionally low interest rates, local supply disruptions causing high prices, and stimulus checks, making it more enticing for Americans to opt for foreign products. Despite a significant reduction from its peak, the trade deficit remains considerably higher than the historical average, underscoring the trend of Americans buying more from other countries than those countries are buying from the United States.



WEDNESDAY

Investors turned their attention to crypto, particularly Bitcoin, on Wednesday, eagerly anticipating the SEC's decision to approve a spot Bitcoin ETF. Exciting news for crypto enthusiasts, as several spot Bitcoin ETFs received approval this Wednesday, marking a significant milestone for the crypto industry. Among the approved spot Bitcoin ETFs were the Grayscale Bitcoin Trust, Bitwise Bitcoin ETF, Hashdex Bitcoin ETF, iShares Bitcoin Trust, Valkyrie Bitcoin Fund, ARK 21 Bitcoin ETF, Invesco Galaxy Bitcoin ETF, VanEck Bitcoin Trust, WisdomTree Bitcoin Fund, Fidelity Wise Origin Bitcoin Fund, and Franklin Bitcoin ETF.

In other news, Microsoft's market cap trailed closely behind Apple's, challenging Apple's position as the world's most valuable company. While this may come as a surprise to some, Microsoft, in contrast to Apple, has reported robust revenue growth over the past year. Apple's 2023 annual report reveals a 3% decrease in annual revenue, whereas Microsoft shows a 7% increase, with cloud services driving its revenue growth.

Major Stock Indices Performance Today...

S&P 500: 0.57%

Dow Jones:

NASDAQ: 0.75%



THURSDAY

Major stock indices remained mostly unchanged on Thursday, notwithstanding the recent release of the CPI report, which unveiled a rekindling of inflation in December. Throughout most of 2023, the upward trend in inflation elicited predominantly negative reactions from the markets, given its impact on Americans' purchasing power and the Federal Reserve's monetary policy, including potential interest rate increases.

It appears that, despite the uptick in inflation, investors are not overly alarmed about the potential repercussions the CPI figure could have on future interest rate policies. Both investors and analysts are projecting interest rates to stay the same at the upcoming FED meeting later this month, followed by an anticipated decrease of 0.25% at its second meeting of the year scheduled for March 24th.

Major Stock Indices Performance Today...

S&P 500: -0.07%

Dow Jones: 0.04%

NASDAQ: 0.00%

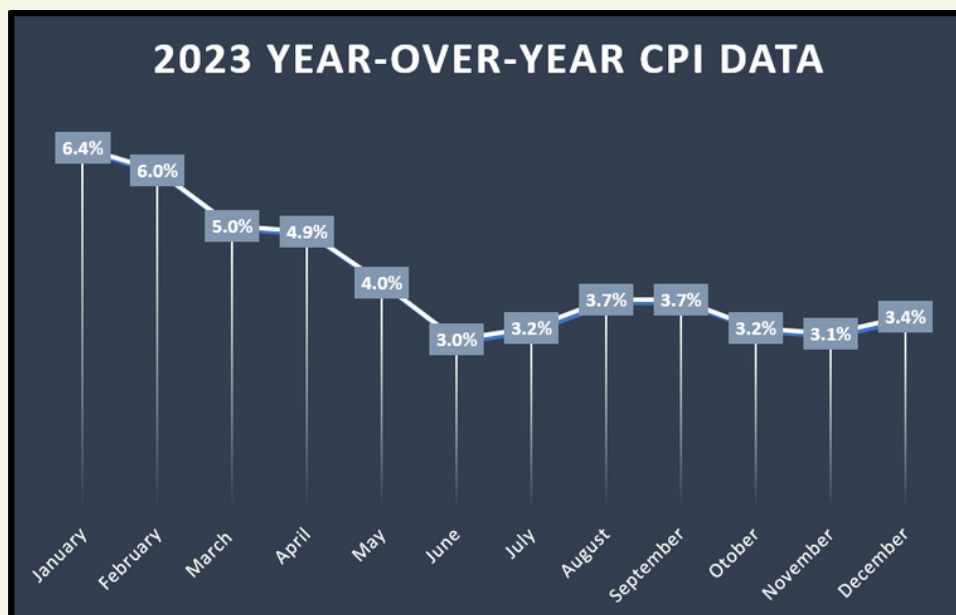


December CPI Inflation

Compared to last December, headline CPI inflation rose by 3.4% from 3.1% in November. This marks the first time headline CPI inflation has reported an accelerated increase since August 2023. From September onwards, the inflation rate has either remained stagnant or decreased, instilling confidence in the American population regarding cooling inflation and price stability. However, December has revealed an unwelcome change in the recent downward trend of inflationary pressures.

Unwelcome to almost every household in America are the increases in the costs of rent and homeownership. The significantly heightened costs of putting a roof over one's head have become an immense financial strain for the majority of Americans. Unfortunately, the cost of shelter continued to rise in December, accounting for the majority increase in CPI inflation for the month. In addition to increasing housing costs, the prices of electricity and gas both rose over the month, putting even more pressure on household finances. Providing some relief, however, were overall decreased costs of natural gas, which fell around 0.4% for the month.

Food was another item that experienced higher costs in December, with the costs of food away from home slightly outpacing food at home over the month. Concerning food at home, price fluctuations varied across the board. While cereals and baked goods experienced lower costs over the month, the costs of meats, poultry, fish, and eggs grew modestly. The price of eggs, as some may have noticed, shot up, increasing by nearly 9% over the month.

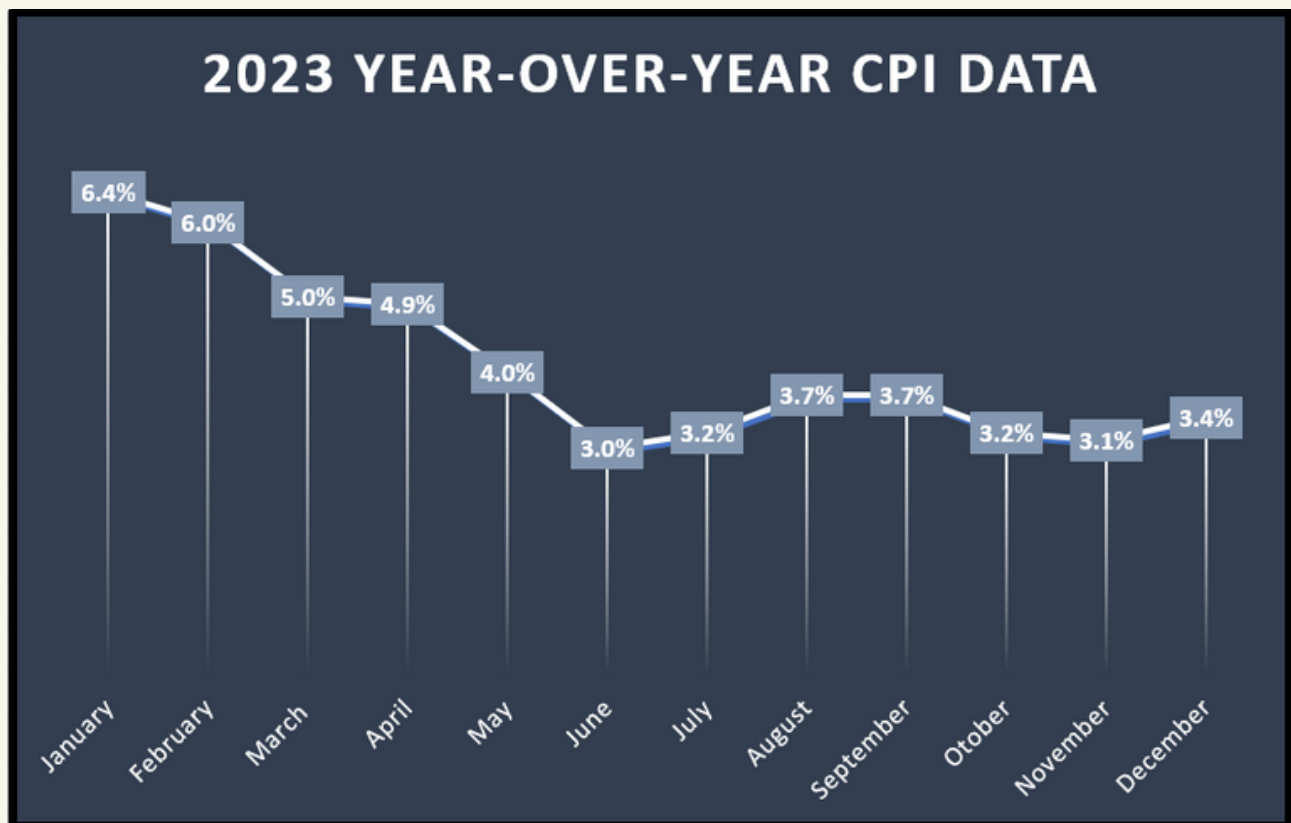


December CPI Inflation

With home prices soaring, discouraging many people from relocating, the prices of furniture and bedding continued to decrease in December. If you are looking to purchase new furniture, now could be a good time to explore and see if there are any enticing deals out there.

Total costs of shelter rose by 0.5% over the month, which is not a promising sign for renters and those expecting to move soon. If you are anticipating a move, please consider the cost difference between your current residence and your potential new residence before making the final decision to move. Both homeownership and renting have become incredibly expensive in the past few years, and a home you may have been able to afford 5 years ago may be out of your budget now.

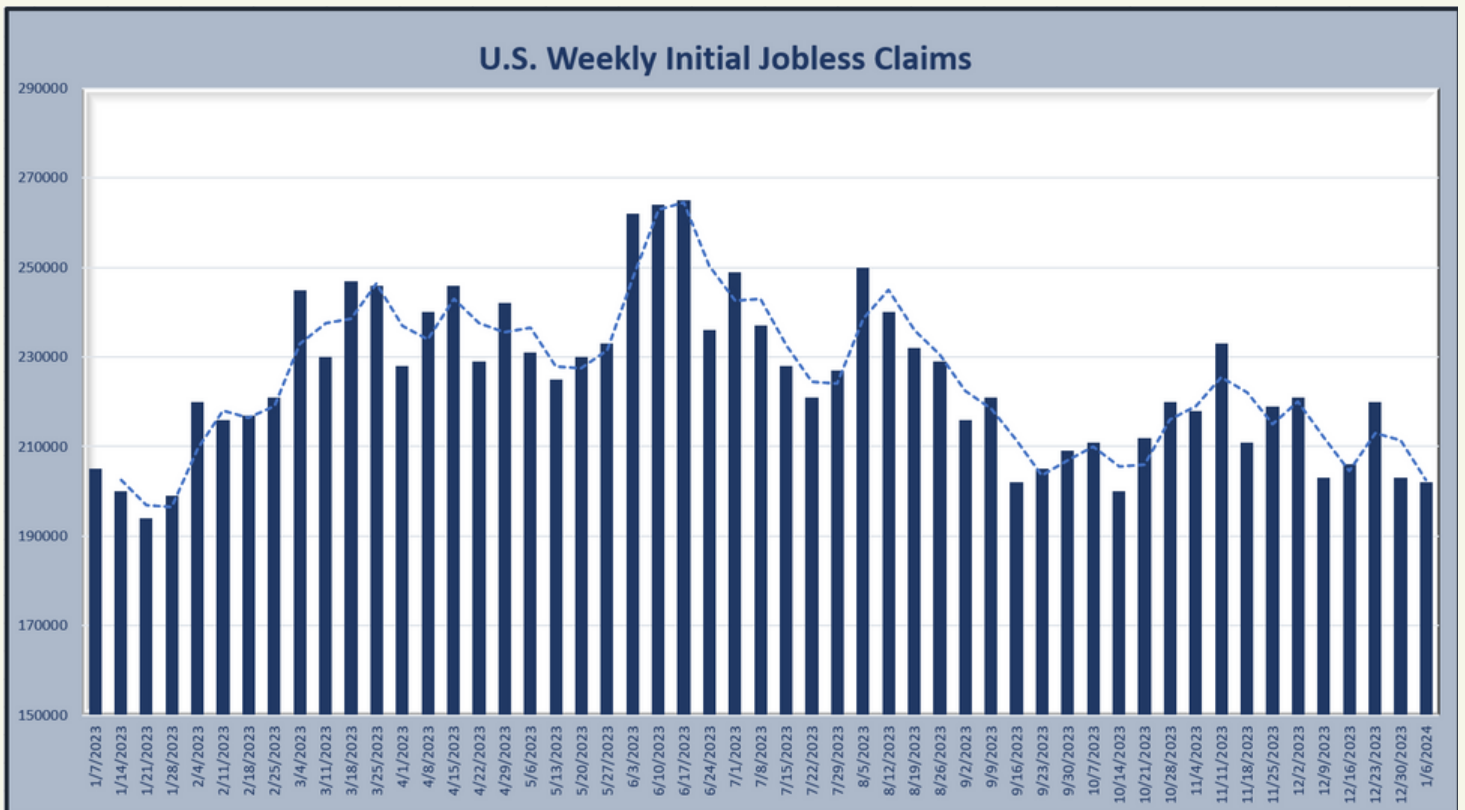
Besides specific goods and services that may be affecting your cost of living, location plays a major role in the prices you encounter every day. While some regions of the United States have dealt with extreme levels of inflation, others have not been too harshly affected. Here is the inflation average by region: Northeast (2.6%), Midwest (3.2%), South (3.7%), and West (3.6%).



U.S. Initial Jobless Claims for Week ending January 6th

Initial jobless claims, representing the number of people filing for unemployment benefits within a given period, fell slightly by 1,000 from last week. This puts the total initial jobless claims for the most recent week at 202,000, significantly below the 2023 average. This news is very encouraging, considering that initial jobless claims have remained relatively low for several months, further bolstering confidence in the labor market. With fewer people filing for unemployment benefits, it is evident that fewer individuals are leaving their jobs, either voluntarily or involuntarily.

Potential challenges for the U.S. labor force could arise from upcoming company earnings and the emergence of AI. Numerous earnings reports from major companies are set to be released soon, with many companies expected to report lower revenue, higher costs, and narrowing profitability. One common method companies use to enhance profitability is by laying off workers, so it will be crucial to monitor upcoming company earnings results if you are interested in developments within the labor market either as an employee, employer, or investor.



FRIDAY

On Friday, several major companies, particularly big banks, were scheduled to release their fourth-quarter earnings for 2023. These companies included JPMorgan, UnitedHealth, Bank of America, Wells Fargo, BlackRock, Citigroup, Bank of NY Mellon, and Delta, among others.

Out of these major companies, all but two beat their revenue forecasts. Despite outperforming their forecasts, more than half of these companies - JPMorgan, UnitedHealth, Bank of America, Wells Fargo, and Delta - ended the day in negative territory.

Major Stock Indices Performance Today...

S&P 500: 0.08%

Dow Jones: -0.31%

NASDAQ: 0.02%



Quarter 4 2023 Earnings Results for Major U.S. Companies

Beyond forecasts, how did these companies' Q4 financial results compare to past financial performance? Let's take a look.

As depicted in the table, Citigroup's take-home earnings results were dismal compared to last year. While revenue only fell slightly, high expenses caused the company's earnings to take a hit. To address this problem, the bank plans to cut 20,000 jobs.

Delta may have experienced the best earnings growth compared to the past year, which may make it seem odd why the company performed poorly on Friday. However, the company cut its 2024 profit outlook after releasing earnings, leading to a large selloff in the company's stock.

Wells Fargo also did not have a very joyful day after the company reported concerns over lower interest income in 2024. The bank ultimately expects to earn less in interest coming into 2024, given that interest rates on loans are expected to fall.

Company	2023 Q4 Revenue	2022 Q4 Revenue	Yearly Change	2023 Q4 Earnings	2022 Q4 Earnings	Yearly Change	Friday Stock Performance
JPMorgan	\$ 10,958.00	\$ 10,598.00	3.40%	\$ 2,524.00	\$ 3,314.00	-23.84%	-0.73%
UnitedHealth	\$ 94,427.00	\$ 82,787.00	14.06%	\$ 5,675.00	\$ 4,761.00	19.20%	-3.37%
Bank of America	\$ 10,329.00	\$ 10,782.00	-4.20%	\$ 2,768.00	\$ 3,577.00	-22.62%	-1.06%
Wells Fargo&Co	\$ 20,478.00	\$ 20,034.00	2.22%	\$ 3,446.00	\$ 3,155.00	9.22%	-3.34%
BlackRock	\$ 4,631.00	\$ 4,337.00	6.78%	\$ 1,375.00	\$ 1,259.00	9.21%	0.88%
Citigroup	\$ 17,440.00	\$ 18,006.00	-3.14%	\$(1,839.00)	\$ 3,546.00	-151.86%	1.04%
Bank of NY Mellon	\$ 4,311.00	\$ 3,918.00	10.03%	\$ 300.00	\$ 543.00	-44.75%	4.02%
Delta Air Lines	\$ 1,323.00	\$ 1,470.00	-10.00%	\$ 2,037.00	\$ 828.00	146.01%	-8.97%

Quarter 4 2023 Earnings Results for Major U.S. Companies

UnitedHealth was yet another company that did not have a very happy Friday. Investors noticed that the healthcare giant had incurred extremely high medical costs in Q4, which put a damper on the company's earnings.

JPMorgan's stock did not perform too well on Friday, but investors were happy to see that the company posted its largest-ever annual profit.

Deviating from some of the other companies' stock losses this Friday, Bank of NY Mellon's stock posted strong gains in response to robust interest revenue earned in Q4.

Investors were happy to see BlackRock beat its earnings and revenue estimates. In addition, the company has agreed to purchase Global Infrastructure Partners, an infrastructure fund manager, for \$12.5 billion in an effort to gain more exposure to the infrastructure industry.

Investors were unimpressed by Bank of America's earnings results due to its weak profitability performance in Q4.

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MAJOR STOCK INDEX PERFORMANCE

	S&P 500	Dow Jones Industrial Average	Nasdaq Composite
Percent Change (Monday)	1.41%	0.58%	2.20%
Percent Change (Tuesday)	-0.15%	-0.42%	0.09%
Percent Change (Wednesday)	0.57%	0.45%	0.75%
Percent Change (Thursday)	-0.07%	0.04%	0.00%
Percent Change (Friday)	0.08%	-0.31%	0.02%
Weekly Change	1.84%	0.34%	3.09%

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	5.54	5.48	5.49	5.39	5.24	4.82	4.36	4.11	3.97	3.99	4.01	4.33	4.17
Tuesday	5.53	5.46	5.47	5.38	5.24	4.82	4.36	4.09	3.97	4	4.02	4.33	4.18
Wednesday	5.53	5.46	5.46	5.39	5.23	4.82	4.37	4.1	3.99	4.01	4.04	4.35	4.2
Thursday	5.54	5.47	5.46	5.38	5.22	4.75	4.26	4.02	3.9	3.95	3.98	4.32	4.18
Friday	5.55	5.47	5.45	5.37	5.16	4.65	4.14	3.92	3.84	3.91	3.96	4.32	4.2

LINKS TO ECONOMIC/FINANCIAL DATA FROM THIS WEEK

December Consumer Expectations

<https://www.newyorkfed.org/microeconomics/sce#/>

December CPI Inflation Report

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

November U.S. Trade Balance

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

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

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

U.S. Publicly Traded Company Earnings Calendar

<https://www.investing.com/earnings-calendar/>

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