WEEKLY MARKET PULSE

MONDAY

As the Federal Reserve's FOMC meeting loomed on the horizon earlier this week, investors were on high alert, especially pondering the Federal Reserve's potential moves regarding interest rates. Although the general expectation leaned towards maintaining the status quo in interest rates, simply keeping rates steady wouldn't necessarily trigger substantial market shifts. Instead, the primary focus was on what insights Fed Chair Jerome Powell might offer about the overall economic landscape and the Federal Reserve's monetary policy strategy. This meant that investors were eagerly waiting for Powell's statements, as his words often carry significant weight in shaping market sentiments and strategies.

Now, let's zoom in on how this could affect you. Because the Federal Reserve's stance on interest rates directly impacts borrowing costs, even if rates stay unchanged, Powell's remarks about the economy and future policies can sway market sentiments, affecting mortgage rates, credit card interest, and returns on savings accounts. That's why this information isn't just about Wall Street; it’s about how these decisions resonate in the pockets of American households as well.

Major Stock Indices Performance Today...

S&P 500: 0.39% Dow Jones: 0.43% NASDAQ: 0.20%

WEEKLY MARKET PULSE

TUESDAY

Tuesday's events served as a booster for investor confidence ahead of this week's pivotal FOMC meeting. The CPI report, signaling a slowdown in inflation but still hovering at levels too elevated for the Federal Reserve to consider rate cuts, reinforced the expectation that rates would hold steady. This assurance, stemming from a clear view of economic policy, bolstered investors' and analysts' confidence in their own market predictions.

Major Stock Indices Performance Today...

S&P 500: 0.46%   Dow Jones: 0.48%   NASDAQ: 0.70%

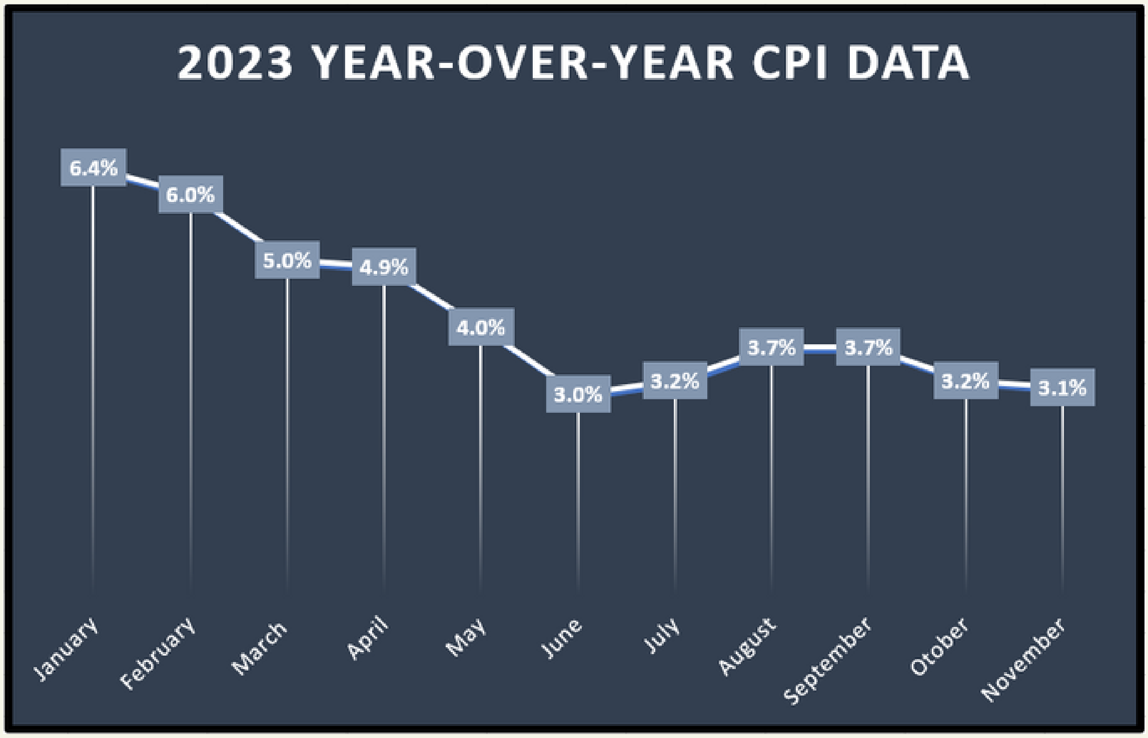
WEEKLY MARKET PULSE

November Consumer Price Index

One of the most common measures of consumer-based inflation, the CPI, rose at a pace of 3.1% since last November. While prices do continue to rise, they have continued to rise at a much lower pace than previously. The pace of inflation has dropped from its 9.1% peak in June 2022 to nearly 3%, which is an incredible improvement. Does the U.S. economy still have some time before inflation can come into better balance and make our lives at least somewhat more affordable? Yes, but it's also important to acknowledge the financial relief provided by cooling inflation.

Based on the CPI report, the greatest contributors to the slower pace of inflation we're currently experiencing consist primarily of energy-related commodities and services. Since last November, for instance, gasoline prices have dropped by 8.9%.
On top of energy-related expenses, many of us have been waiting to see the prices of used vehicles go down. Over the past year, used vehicle prices have declined by around 3.8%.

Additionally, we have also seen the prices of medical care services fall slightly by around 0.9%. Within healthcare services, we've seen a significant reduction in the price of healthcare insurance (-30.3%) and a modest decline in physicians' services (0.7%). Other healthcare services that haven't quite gone down include dental, eyecare, and hospital services, which have all risen since last November.

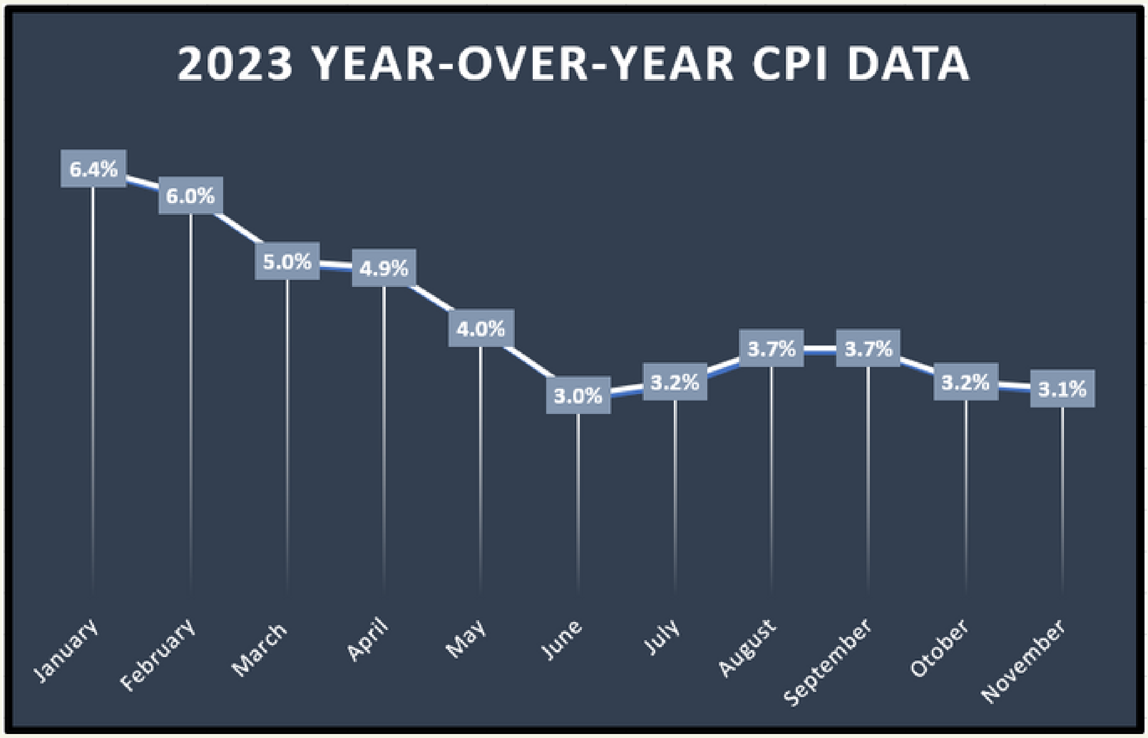


WEEKLY MARKET PULSE

November Consumer Price Index

Beyond energy-related goods/services, used vehicles, and healthcare services, every other major category in the CPI index has experienced price increases in the last year. Some of these include food, transportation, housing, and new vehicles. Being that the majority of major expense categories in the CPI have gotten more expensive since last November, it's important to assess your own financial situation to determine how inflation may affect you. For instance, if you don't have a car or use an electric vehicle, you may not be benefitting as much from recent slowdowns in inflation as someone who does own and operate a gas-powered vehicle.

To give you a better idea of specific expenses and their price fluctuations, we'll talk about some more here. Starting with food, the overall price of food has risen 2.9% since last November, however, the price of food at home and food away from home have very stark differences in their price fluctuations. While the price of food at home has only risen 1.7% since last year, the price of food away from home has risen 5.3%. This is a significant difference, and it also presents a potential opportunity for you to lower your costs of spending. If you have noticed your spending on food to have increased tremendously over the past year(s) and you eat out frequently, think about making your own meals at home to save some extra money. While of course the convenience and sometimes even the taste of food from restaurants and fast food beats what we can do at home, the cost savings can also be very beneficial to those feeling the price crunch of eating out frequently.



WEEKLY MARKET PULSE

SERENE FINANCIAL SOLUTIONS

NOVEMBER CONSUMER PRICE INDEX

Moving away from food, the cost of shelter or housing has risen by 6.5% over the last year, which has brought considerable pain to many of our pockets. Rent of primary residences has gone up 6.9%, and the owner's equivalent of renting has risen slightly slower by 6.7%. In response to the wave of housing demand brought about by low interest rates following COVID, the costs of simply living in a home have increased tremendously, and it's unlikely that costs will go down any time soon. For costs to go down, however, we'll likely have to see some sort of combination of lower housing demand, higher inventory, and lower interest rates. Due to the current high mortgage rates, housing demand has fallen significantly, and the CPI report actually provides a clue of this. Moving, storage, and freight expenses have decreased by 2.7%, indicating a possibility of lower demand in those areas. As one would expect, lower demand in areas such as moving, is a great indicator that fewer people are moving and purchasing homes.

Category	Price Changes from Nov. 2022 - Nov. 2023
All items	***3.10%***
Food	2.90%
Food at home	1.70%
Food away from home	5.30%
Energy	-5.40%
Energy commodities	-9.80%
Gasoline (all types)	-8.90%
Fuel oil	-24.80%
Energy services	-0.10%
Electricity	3.40%
Utility (piped) gas service	-10.40%
All items excluding food and energy	4.00%
Commodities exluding food and energy commodities	0.00%
New vehicles	1.30%
Used cars and trucks	-3.80%
Apparel	1.10%
Medical care commodities	5.00%
Services excluding energy services	5.50%
Shelter	6.50%
Transportation services	10.10%
Medical care services	-0.90%

Beyond housing, the largest expense category for most Americans, transportation service costs have also experienced price increases since last November. Overall, the cost of transportation services has risen 10.1% over the last year, with some of the largest influences being motor vehicle repair, car insurance, and maintenance. Within transportation services, there has also been some positive light shed with the price of airline fares and car rentals decreasing significantly in the past year.

WEEKLY MARKET PULSE

WEDNESDAY

Investors were thrilled on Wednesday following Jerome Powell's insightful address on the monetary policy decision taken during the latest FOMC meeting. His thoughts, along with those of his colleagues, provided a glimpse into the current and future state of the American economy. Based on Federal Reserve projections, it seems highly unlikely that there will be any more rate hikes in the near future unless some unforeseen, extreme circumstances shake up the economy and necessitate a rate adjustment. What's more, a majority of Fed members foresee potential rate cuts in 2024. This forward-looking perspective has stirred excitement among investors, hinting at the potential outcomes of easier access to credit: a boost in business investments, an uptick in consumer spending, and overall economic growth.

Major Stock Indices Performance Today...

S&P 500: 1.37% Dow Jones: 1.40% NASDAQ: 1.38%

WEEKLY MARKET PULSE

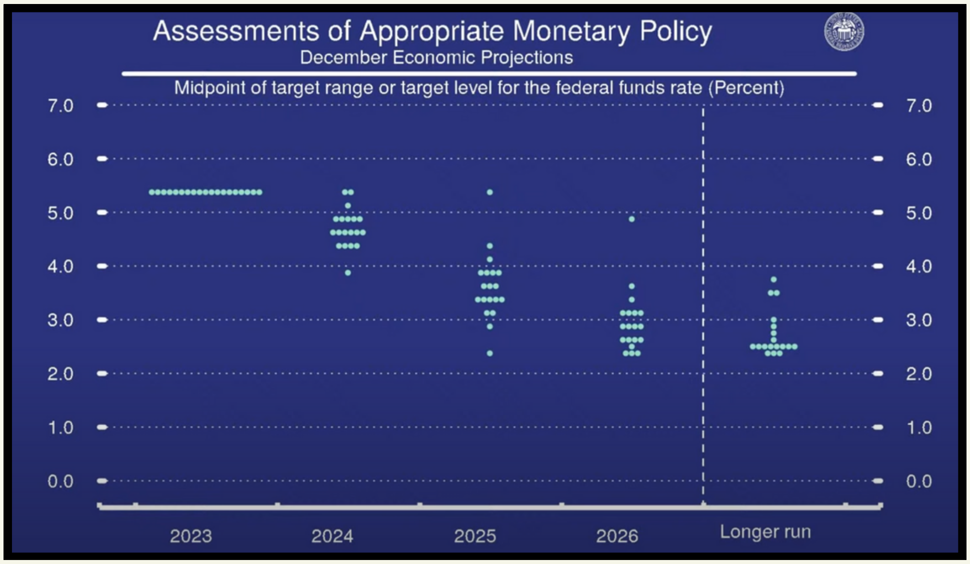
December FOMC Meeting

Inflation has seen a decrease without causing a significant rise in unemployment, which Powell sees as a positive development. However, he emphasizes that the inflation rate is still too high, prompting the Fed to maintain a tight monetary policy aimed at curbing inflation to a target of 2%. As a result, the Fed decided to leave interest rates steady to slow down at the 5.25%-5.50% benchmark.

Over the past year, the Federal Reserve has notably increased interest rates, aiming to manage the economy. Recent indicators suggest a slowdown in the pace of economic activity. Despite this, the Gross Domestic Product (GDP) is anticipated to grow by 2.5%, fueled by robust consumer demand and improving supply conditions.

Given the reported deceleration in both inflation and economic activity, the Federal Reserve opted to leave interest rates unchanged at the recent meeting. However, the full effects of the Fed's tightening monetary policy have yet to fully impact the economy, indicating that more economic slowing may lie ahead.

The housing sector has notably slowed down, largely influenced by increased interest rates denting demand. While unemployment remains low due to strong job creation, labor demand surpasses the availability of workers, signaling a tight labor market. Additionally, immigration levels have returned to pre-pandemic figures, which is helping to bring more workers into the US and help balance the supply of workers with the demand for them.

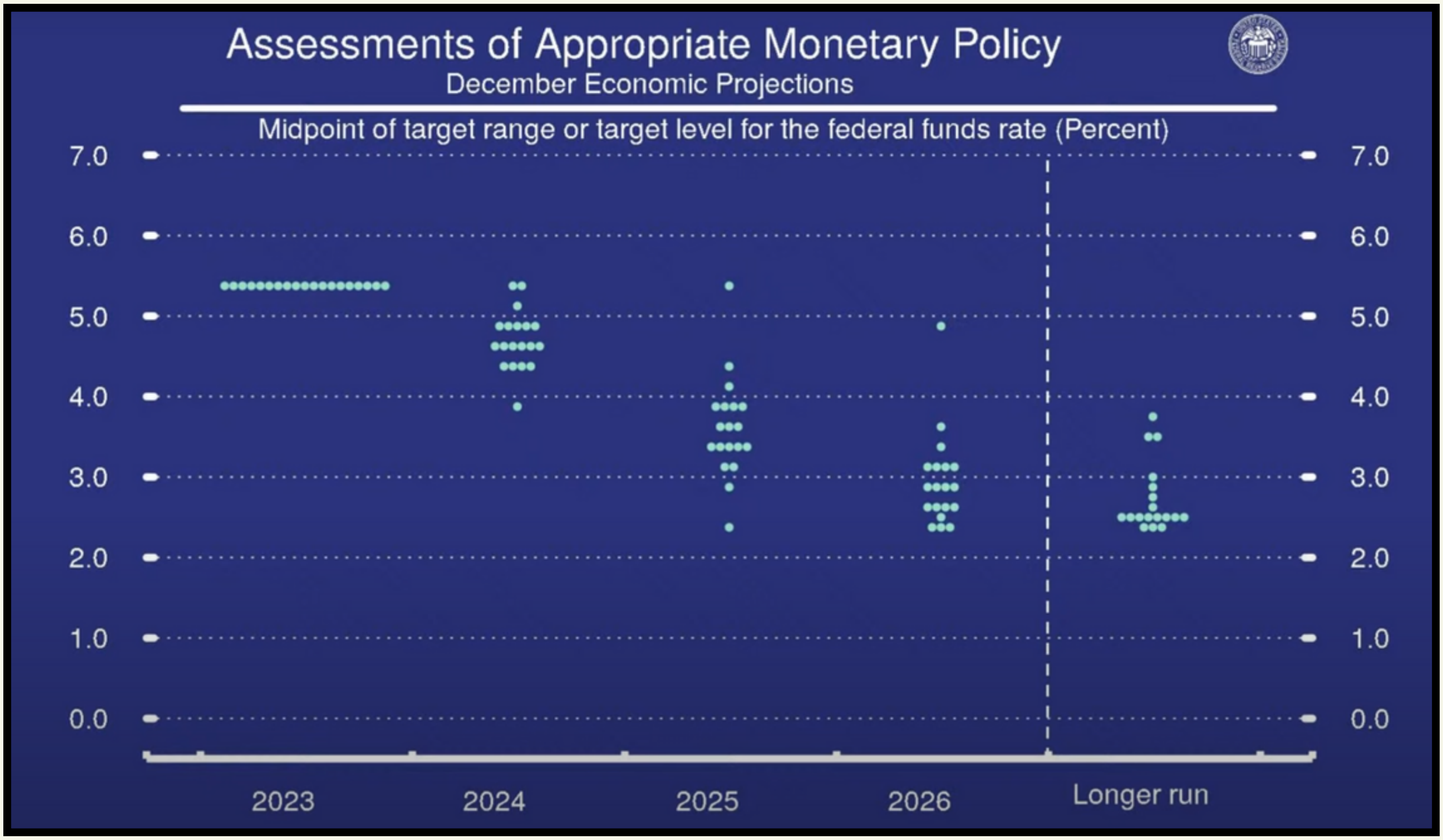


WEEKLY MARKET PULSE

December FOMC Meeting

In a crucial statement, Powell suggests that interest rates have either reached their peak or are close to it for this interest rate cycle. This announcement was widely interpreted by investors to mean that the Fed has hit the high point, and interest rates are likely to decrease soon.

During the recent FOMC meeting, participants shared their individual assessments of where they anticipate interest rates will be in the next few years. Notably, not a single member expects a further rate hike within the next three years. This, coupled with Powell's crucial statements, significantly bolstered markets this week, fostering a sense of positivity among investors.



WEEKLY MARKET PULSE

THURSDAY

After the Federal Reserve essentially announced that it was done raising rates unless absolutely necessary, Treasury yields tanked, which shined a light on the potential for lower interest rates in the broader economy, especially mortgage rates. Due to large buyouts from investors attempting to get their hands on relatively high-yielding Treasury bonds, yields dropped to their lowest levels since July. Adding on, this massive drop in Treasury yields has helped bring mortgage rates down. While still considerably high, the average 30-year fixed mortgage rate in the U.S. has dropped from 7.79% at its peak in October down to 6.95% this Thursday.

Major Stock Indices Performance Today...

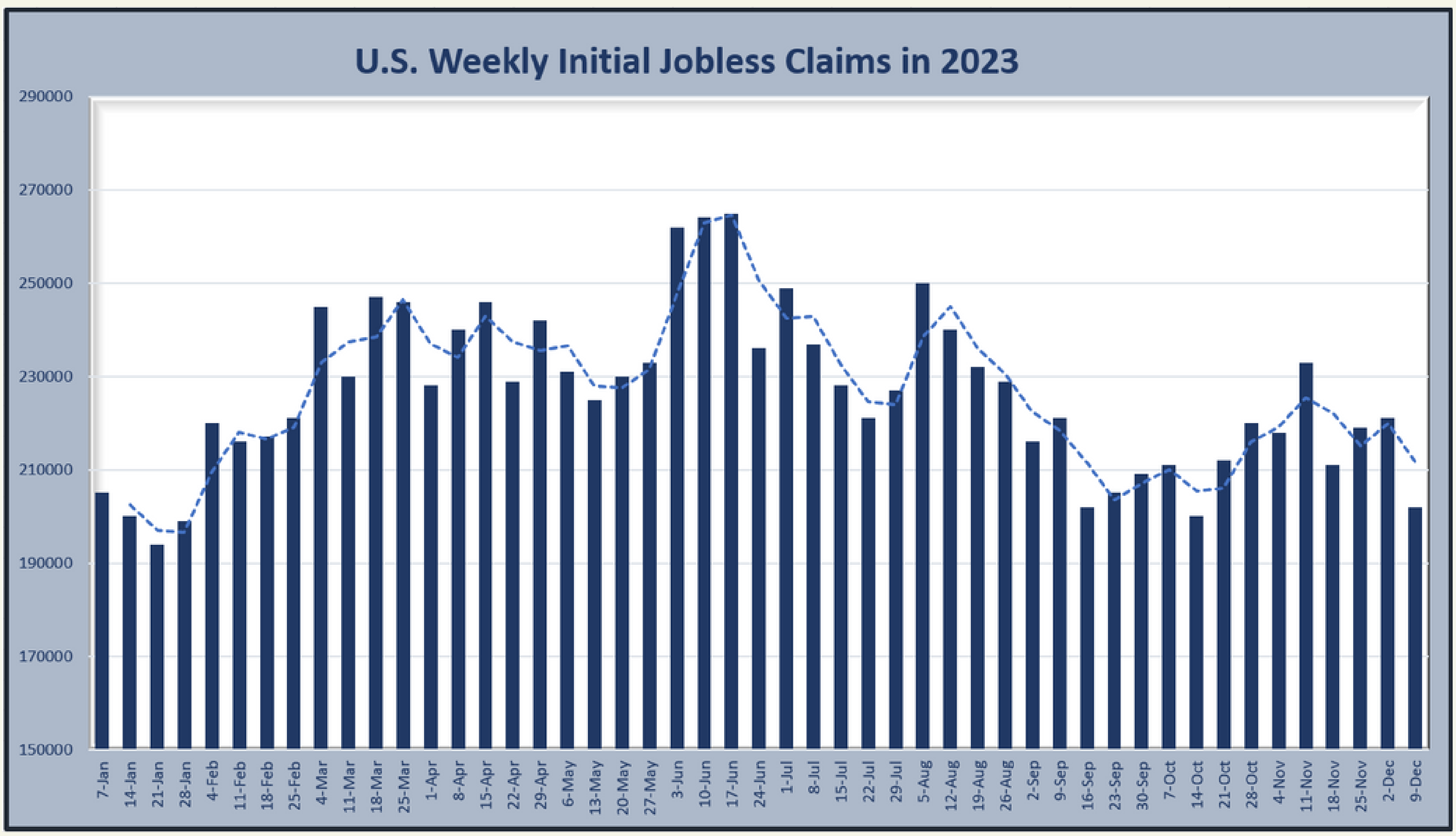
S&P 500: 0.26% Dow Jones: 0.42% NASDAQ: 0.19%

SERENE FINANCIAL SOLUTIONS

WEEKLY MARKET PULSE

U.S. Initial Jobless Claims for Week ending December 9th

Initial jobless claims, representing the number of people filing for unemployment benefits in a given period, decreased considerably from a revised 221,000 in the week previous to 202,000. After initial jobless claims had recently been ticking up, the number of initial jobless claims came as a major surprise and suggests that the job market continues to remain relatively resilient. This is very good news for the job market, but it will be important to keep up with coming developments in initial jobless claims to see if a trend begins to form out of this or if it will become an anomaly compared to upcoming jobless claims data.



SERENE FINANCIAL SOLUTIONS

WEEKLY MARKET PULSE

November Retail Sales Estimate

In November, estimates for retail and food services sales hit $705.7 billion, marking a 0.3% increase from October. This estimate reflects a diverse blend of conditions within the American economy. Some industries represented in this sales estimate experienced sales growth propelled by robust consumer demand, increased prices, and an improving supply chain. Conversely, certain other industries witnessed lower sales, attributed to reduced consumer demand, lower prices, and increased competition.

Kind of Business	Percent Change in sales from Nov. 2022 - Nov. 2023
Retail & food services total	***4.1%***
Motor vehicle & parts dealers	6.1%
Furniture & home furn. stores	-7.3%
Electronics & appliance stores	12.0%
Building material & garden eq. & supplies dealers	-2.5%
Food & beverage stores	0.4%
Health & personal care stores	10.9%
Gasoline stations	-9.4%
Clothing & clothing accessories stores	1.3%
Sporting goods, hobby, musical instrument, & book stores	0.2%
General merchandise stores	1.1%
Miscellaneous store retailers	4.5%
Nonstore retailers	10.6%
Food services & drinking places	11.3%

Over the past year, most industries recorded sales growth, except for furniture stores, building material/garden equipment/supplies dealers, gasoline stations, and department stores. Furniture and building supplies businesses faced declining sales due to reduced housing demand this year, aligning with fewer people moving residences amid soaring real estate prices and high interest rates.

Gas stations experienced a dip in sales primarily due to lower fuel prices, while department stores faced intensified competition, particularly from online giants like Amazon. Conversely, certain sectors thrived, including food/beverage stores, online retailers, health and personal care stores, electronics and appliance stores, and motor vehicle/parts dealers. These businesses benefited from increased consumer spending and higher sales prices, fostering their sales growth.

WEEKLY MARKET PULSE

FRIDAY

Major stock indices settled down on Friday and ended the day mixed. After a wave of optimism was brought about by Jerome Powell's speech earlier in the week, Treasury yields fell significantly and continued to fall coming into Friday.

Lastly, this will be the final weekly market pulse of this year, and they will be coming back in early January 2024. I hope you've found these market updates insightful. Please let our team know what you like from these market pulses, what you'd like to see more of, and what you'd like to see less of- we're here to help!

I wish everyone an amazing holiday with friends, family, and tasty food!

Major Stock Indices Performance Today...

S&P 500: -0.01% Dow Jones: 0.16% NASDAQ: 0.35%

MAJOR STOCK INDEX PERFORMANCE

	S&P 500	Dow Jones Industrial Average	Nasdaq Composite
Percent Change (Monday)	0.39%	0.43%	0.20%
Percent Change (Tuesday)	0.46%	0.48%	0.70%
Percent Change (Wednesday)	1.37%	1.40%	1.38%
Percent Change (Thursday)	0.26%	0.42%	0.19%
Percent Change (Friday)	-0.01%	0.16%	0.35%
Weekly Change	2.49%	2.93%	2.85%

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	5.55	5.54	5.47	5.48	5.4	5.14	4.71	4.42	4.25	4.27	4.23	4.51	4.32
Tuesday	5.53	5.53	5.46	5.48	5.41	5.14	4.73	4.42	4.23	4.24	4.2	4.48	4.3
Wednesday	5.52	5.52	5.44	5.45	5.33	4.94	4.46	4.18	4	4.04	4.04	4.36	4.19
Thursday	5.54	5.54	5.43	5.45	5.31	4.9	4.37	4.09	3.9	3.93	3.92	4.21	4.03
Friday	5.54	5.54	5.44	5.47	5.33	4.95	4.44	4.13	3.91	3.94	3.91	4.19	4.00

LINKS TO ECONOMIC/FINANCIAL DATA FROM THIS WEEK

November Consumer Price Index

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

December FOMC Meeting

https://www.youtube.com/live/pwbKwGjhuhk?feature=shared

U.S. Initial Jobless Claims for Week ending December 9th

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

November Retail Sales Estimate

https://www.census.gov/retail/marts/www/marts_current.pdf

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