WEEKLY MARKET PULSE

MONDAY

Major stock indices ended the day in the positive as investors anticipated a week brimming with pivotal economic updates and Q4 2023 earnings disclosures. As we embark on this week's journey, our mission is to distill concise insights from various company earnings reports. This endeavor aims to provide you with a comprehensive understanding of the performance and future outlook of each company.

Furthermore, we will delve into the analysis of crucial economic data, with a keen focus on metrics that illuminate the health of the labor market. By deciphering these indicators, we aim to equip you with a nuanced understanding of the broader economic landscape.

Shifting gears to other developments, U.S. 10-year bond rates experienced a slight dip to 4.02% from the previous week's 4.10%. This decline exerts additional downward pressure on interest rates, notably impacting mortgage rates.

Major Stock Indices Performance Today...

S&P 500: 0.76% Dow Jones: 0.59% NASDAQ: 1.12%

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WEEKLY MARKET PULSE

TUESDAY

Tuesday marked a pivotal day in the financial landscape, as major industry players, including Microsoft, Google, AMD, and UPS, unveiled their Q4 2023 earnings, painting a vivid picture of the corporate landscape.

Kicking things off, Microsoft delivered a stellar performance, boasting a remarkable 33% surge in Q4 2023 net income compared to the same period in 2022. Notable growth in segments like Microsoft Cloud, Xbox content/services, Azure, and Dynamics 365 underscored the tech giant's robust fiscal health. Despite this impressive showing, Microsoft remains cautiously optimistic, projecting a modest 1.7% increase in revenues for its Productivity and Business Processes, Intelligent Cloud, and More Personal Computing sectors in the upcoming quarter.

In the realm of search and services, Google shone brightly throughout 2023, witnessing a substantial 23% increase in net income from $60 billion in 2022 to an impressive $74 billion. The fourth quarter saw Google's revenues spearheaded by services like YouTube ads, Google Search, and various subscriptions, platforms, and devices. While Google's leadership expresses confidence in future growth, investors remain wary of the potential uptick in operating expenses tied to the company's ambitious investments in artificial intelligence. Notably, research and development expenses surged by 15% in 2023, highlighting a noteworthy increase in operational costs.

On the semiconductor front, AMD, although not reaching the dazzling heights of its counterparts, stands as a key player in the market. The company faced a challenging year, with a 4% dip in revenue and a substantial 22% decline in net income, indicating profitability concerns. Despite these setbacks, AMD's leadership envisions a promising future, banking on advancements in artificial intelligence to drive robust growth.

For UPS, 2023 posed significant challenges, a sentiment mirrored in the company's financials. Revenues witnessed a substantial 9% drop compared to 2022, and net income took a nearly 42% hit. While the retrospective view appears challenging, UPS remains cautiously optimistic about the future, projecting revenue growth in the range of 1% to 4% in the coming period.

Major Stock Indices Performance Today...

S&P 500: -0.06% Dow Jones: 0.35% NASDAQ: -0.76%

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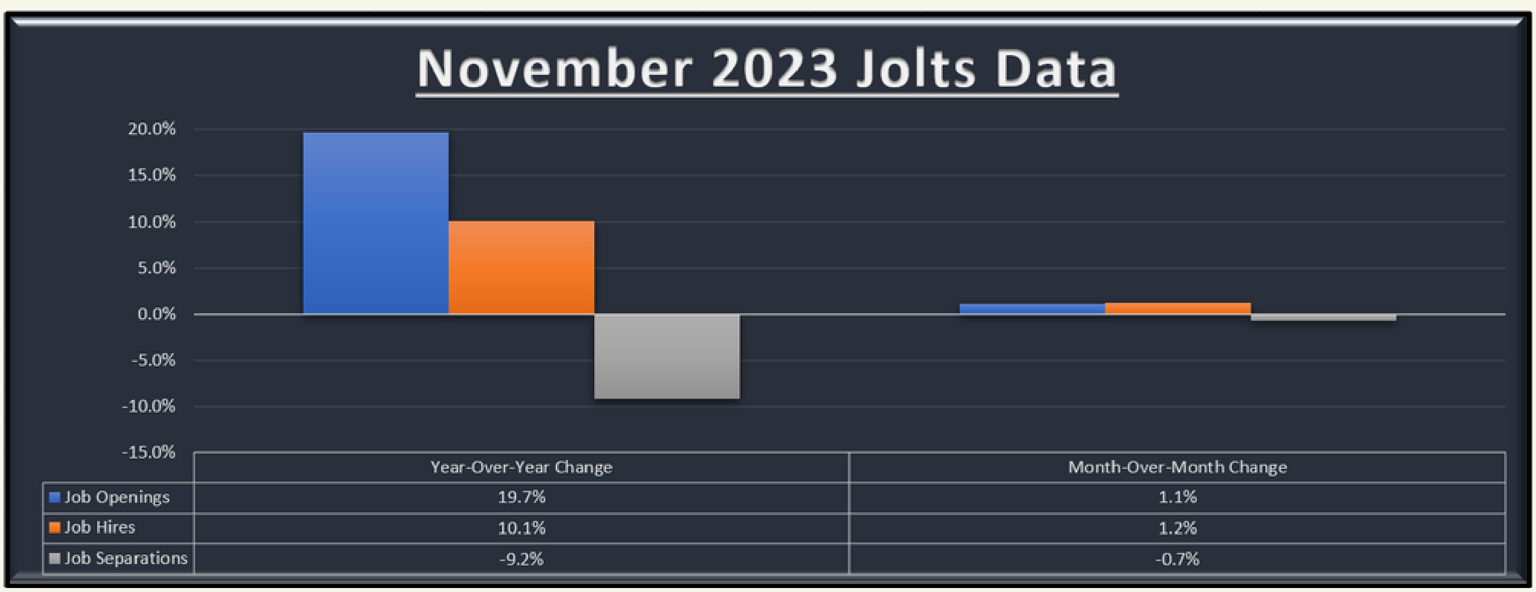
WEEKLY MARKET PULSE

December 2023 Job Openings and Labor Turnover Report

December brought a slight uptick in job openings, reaching 9.0 million, a 1% increase from November's 8.9 million. While this is a positive shift, it's essential to note the broader context. Compared to the previous December, job opportunities have decreased by 20%, indicating a cooling trend post-Covid and a shift from the previous year's employment boom. Despite this, the current figures still surpass historical averages, dating back to December 2008. Historically, the average number of job openings hovers around 6 million, with a more recent 10-year average of 7.3 million and a 5-year average of 8.8 million. This data underscores the continued prevalence of abundant job opportunities, even though there has been a noticeable decline from the recent peak.

Turning our attention to job hires, the month saw a modest 1% increase, reaching 5.6 million. However, compared to the same period last year, total job hires are down by 10%. While still exceeding the historical average of 5.2 million, the figures fall short of the 10-year average of 5.9 million and the 5-year average of 6.1 million. This suggests a challenging job market and aligns with concerns voiced by job seekers about the increased difficulty of securing employment. For those navigating the job market, standing out becomes paramount. Perfecting resumes, acquiring skills aligned with desired job functions, and effective self-marketing, including building a robust LinkedIn presence and networking within the industry, are crucial steps. As the labor market cools, job seekers must proactively position themselves for success.



	Year-Over-Year Change	Month-Over-Month Change
Job Openings	19.7%	1.1%
Job Hires	10.1%	1.2%
Job Separations	-9.2%	-0.7%

WEEKLY MARKET PULSE

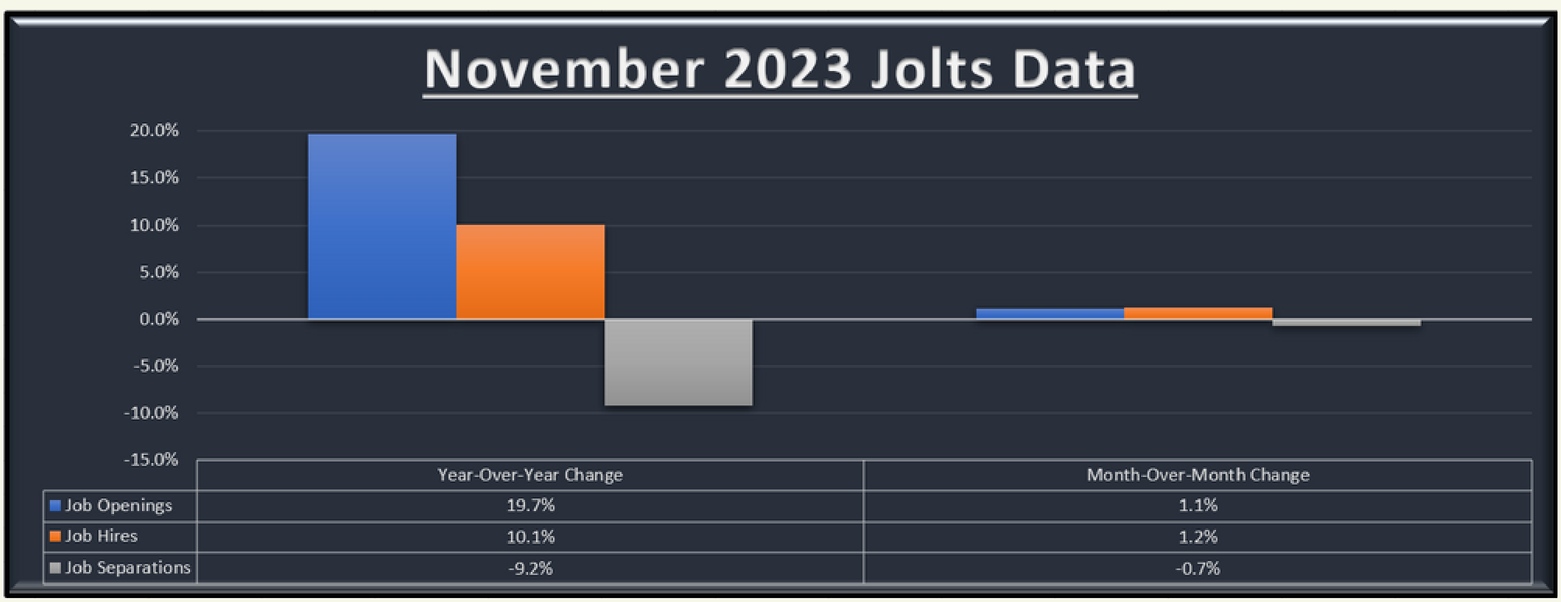
SERENE FINANCIAL SOLUTIONS

December 2023 Job Openings and Labor Turnover Report

Examining voluntary job separations, or quits, the numbers decreased from 3.5 million in November to 3.4 million in December. This dip, a 17% reduction compared to the previous December, may indicate a hesitancy among employees to leave their current positions, possibly due to concerns about finding alternative employment in the current job market.

Conversely, involuntary job separations, including layoffs and discharges, witnessed an almost 6% increase, rising to 1.6 million compared to November. This uptick is more pronounced when compared to the previous December, reflecting a nearly 10% increase. Employers appear to be cutting more employees loose, adding another layer to the complexity of the current employment landscape.

Navigating the job market in the coming months requires a strategic approach. Job seekers should be proactive in refining their skills, optimizing their professional profiles, and adapting to the evolving dynamics of the labor market. Stay informed, stay prepared, and stand out in the competitive world of employment.



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WEEKLY MARKET PULSE

WEDNESDAY

In the financial arena, Wednesday unfolded with a bit of disappointment as Google's Ad revenue fell short of expectations, alongside Microsoft's revenue projections also landing below the anticipated mark. Adding to the mix, Federal Reserve Chair Jerome Powell hinted at a slim chance of a rate cut in March, painting a cautious backdrop for investors and analysts.

Shifting gears to Wednesday’s earnings releases, Mastercard, Qualcomm, and Boeing took the spotlight among other companies.

Mastercard emerged as a standout performer in 2023, showcasing a commendable 13% increase in both revenue and net income. The driving forces behind Mastercard's success include robust consumer spending, a well-executed strategy, and substantial growth in cross-border volumes, as highlighted by the company's leadership.

In the realm of technological innovation, Qualcomm marked decent growth, with a 5% increase in revenues compared to the previous quarter. The modest increase can be attributed to heightened sales linked to its Snapdragon 8 mobile platform, positioning itself at the forefront of AI smartphone development. Despite positive signals from Qualcomm's leadership, the upcoming quarter is anticipated to witness a revenue dip, with forecasts ranging from 2% to 10% below the most recent quarter's results.

Aircraft manufacturer Boeing reported a substantial revenue increase of nearly 17% over 2023. While the aerospace giant demonstrated commendable performance in terms of revenue, its expenses outpaced earnings, resulting in a net loss of $2 billion. While not an ideal outcome, it's worth noting that Boeing managed to improve upon its net loss from 2022, which stood at $5.1 billion.

Major Stock Indices Performance Today...

S&P 500: -1.55%   Dow Jones: -0.82%   NASDAQ: -2.23%

WEEKLY MARKET PULSE

SERENE FINANCIAL SOLUTIONS

Jerome Powell FOMC Press Conference Statement Summary + Commentary

Inflation has shown a welcome decline from its previous highs, and the good news is that this hasn't been accompanied by significant spikes in unemployment. The commitment to steering inflation down to the 2% mark remains steadfast.

Interest rates are slated to hold steady at their current levels, ranging from 5.25% to 5.50%. Meanwhile, the Federal Reserve is actively reducing the supply of money circulating in the economy by continuing to sell off their securities holdings.

Positive signs abound in economic activity, propelled by robust consumer demand and improved supply conditions. However, a persistent trend lies in labor dynamics, where demand consistently outpaces the available workforce. This dynamic indicates that employment is likely to remain robust until there's a shift where labor supply surpasses demand.

Federal Reserve Chair Powell has signaled that the peak of interest rates has likely been reached. The spotlight now shifts to the crucial question of when the Fed will initiate a reduction in interest rates. Powell asserts that this move won't materialize until they are confident that inflation has sustainably moved toward the 2% target.

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WEEKLY MARKET PULSE

Jerome Powell FOMC Press Conference Statement Summary + Commentary

To guide their decision-making, the Fed emphasizes the importance of a continuation of positive economic data. Recent trends, such as a cooling of inflation data over the past six months across the U.S. economy, align with their goals. Any unexpected acceleration or stagnation in inflation could prompt the Fed to maintain interest rates for a more extended period. Conversely, a rapid decrease in inflation might prompt an earlier reduction in rates.

Wage increases and job openings are gradually normalizing, approaching pre-pandemic levels. Expectations point towards a moderation in wage growth and job opportunities in the near future. Economic growth is also projected to ease as supply chains and the labor market achieve a more balanced state, aligning the supply of goods/services and available workers.

WEEKLY MARKET PULSE

THURSDAY

In the latest wave of major company earnings, tech behemoths Apple, Amazon, and Meta (formerly known as Facebook) unveiled their Q4 2023 financials. These results were highly anticipated by investors, and the outcomes did not disappoint. Let's delve into the highlights!

Apple showcased resilience, with a 2% year-over-year revenue boost, reaching nearly $120 billion. The driving forces behind this increase were robust iPhone sales and record-breaking figures in Services. Notable increases were witnessed in iPhone (6%), Mac (0.6%), and Services (11%) sales. However, there were declines in iPad (-25%) and Wearables/Home/Accessories (-11%) sales. Apple's net income also saw a healthy uptick of 13% year-over-year, reflecting marked improvements in profitability.

Amazon emerged as a standout performer in 2023, witnessing a remarkable 12% surge in revenue. The company not only managed to reverse its $2.7 billion loss from 2022 but also achieved a substantial net income of $30.4 billion. Encouragingly, Amazon forecasts a continued upswing, expecting its revenue to grow between 8% and 13% in the upcoming quarter, Q1 2024.

Meta, the rebranded Facebook entity, demonstrated robust financial performance throughout the year, achieving a commendable 16% revenue growth. Notably, the company's judicious control over expenses, which only saw a 1% increase throughout the year, contributed to a staggering 69% growth in net income. Despite these stellar earnings, Meta anticipates a 7% to 14% dip in Q1 2024 revenues compared to the impressive figures of Q4 2023.

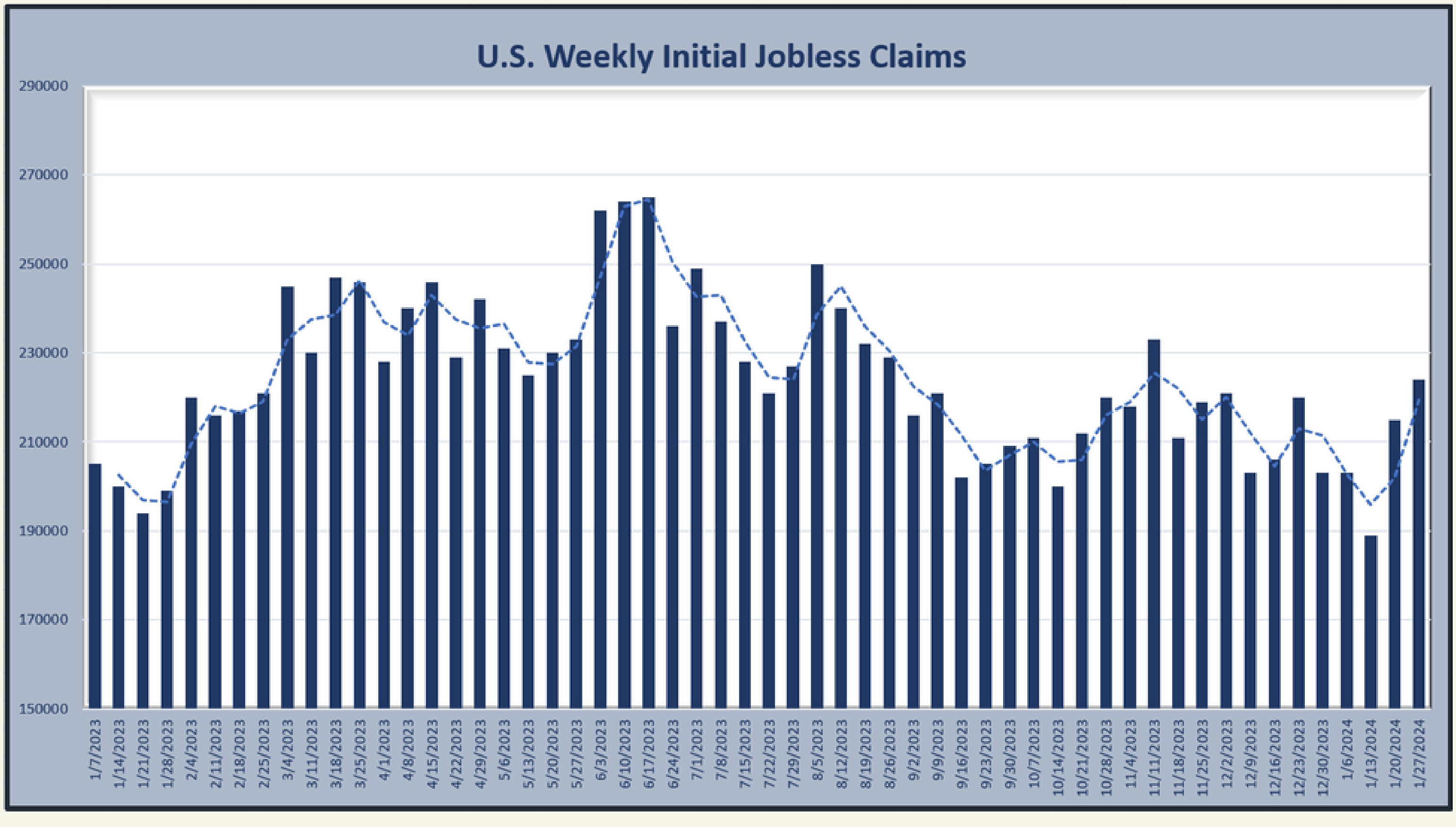
Major Stock Indices Performance Today...

S&P 500: 1.18% Dow Jones: 0.97% NASDAQ: 1.30%

U.S. Initial Jobless Claims for Week ending January 27th

Initial jobless claims, a crucial indicator reflecting the number of individuals seeking unemployment benefits within a specific timeframe, experienced a notable uptick. The latest figures reveal an increase of 9,000 from the preceding week, reaching a total of 224,000. This surge represents a substantial leap compared to the prior week and marks the highest recorded number since November of the previous year.

Despite this increase, it's important to contextualize the data. The current count of 224,000, while a significant jump from the recent week, remains considerably below the historical average dating back to 1967, which hovers around 366,000. To add further perspective, in a comparison with the pre-Covid era, the most recent week's initial jobless claims figure appears relatively low.



WEEKLY MARKET PULSE

FRIDAY

This Friday, investors jumped up and down in excitement from Thursday's earnings reports released by Meta and Amazon. Both companies reported substantial growth in revenue and net income, instilling confidence in investors. In fact, investors were so happy with Meta that its stock value rose by over 20% on Friday. Amazon's investors were also very happy, pushing the company's stock valuation up by nearly 7%.

While Amazon and Meta sent markets soaring on Friday, there wasn't all "good news." Yields on the U.S. 10-year bond were sent flying up to 4.02% compared to just 3.83% a day previous in response to recent employment data showing that 353,000 jobs were added to the U.S. economy in January. Of course, this is great news for those who were hired, but it's not so great news for investors hoping to benefit from the Fed's rate cuts.

The better the economy is doing in terms of adding jobs and increasing economic activity, the longer it will take for the Federal Reserve to start reducing interest rates. Analysts now expect an 82.5% chance that the Federal Reserve will maintain interest rates at their current levels in its next meeting, essentially meaning that consumers, businesses, and investors will likely have to deal with higher interest rates for a longer period of time.

Major Stock Indices Performance Today...

S&P 500: 1.07% Dow Jones: 0.35% NASDAQ: 1.74%

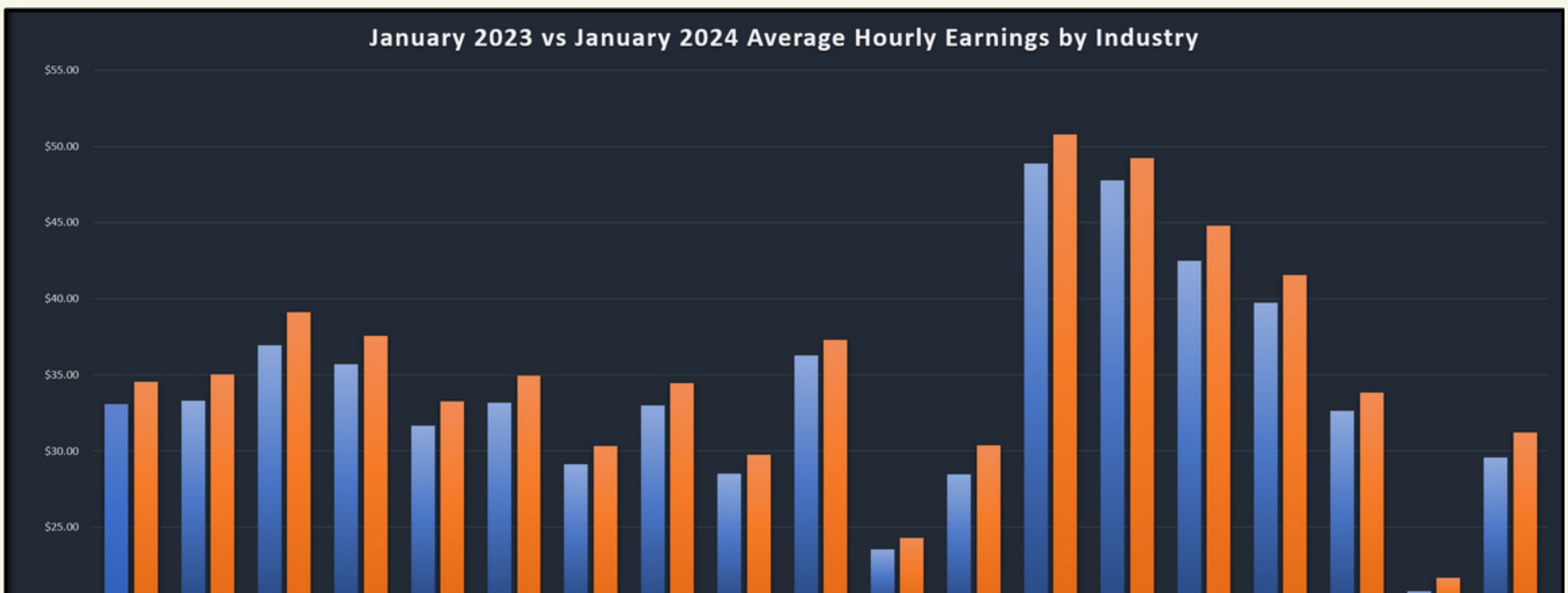
WEEKLY MARKET PULSE

January 2024 Employment Situation

For the third consecutive month, the unemployment rate held steady at 3.7%, a slight uptick from December's 3.5%. While employment has shown signs of cooling throughout the year, it's crucial to put this into perspective. The current rate remains significantly below the historical average dating back to 1948, standing at 5.7%. Furthermore, it remains lower than the more recent 20-year average of 5.9% and the 10-year average of 4.9%. With unemployment at such low levels, the labor market paints a picture of robust health.

However, a nuanced aspect arises when we delve into the number of discouraged workers—individuals who desire employment but have halted their job search. This figure has increased by around 30.6% compared to the previous month and 31% compared to last January. It's vital to recognize that these discouraged workers are not factored into the unemployment rate calculation since they are no longer considered part of the workforce when they cease job hunting. If we were to include these discouraged workers in the unemployment calculation, the rate would be closer to 3.9%.

Amidst these intricacies, average hourly wages continue to rise, reaching $29.66 at the beginning of this year. January saw a modest 0.4% increase in the monthly average wage from December 2023, reflecting a robust 4.8% rise compared to January 2023.



	Total private	Goods-producing	Mining and logging	Construction	Manufacturing	Durable goods	Nondurable goods	Private service-providing	Trade, transportation, and utilities	Wholesale trade	Retail trade	Transportation and warehousing	Utilities	Information	Financial activities	Professional and business services	Private education and health services	Leisure and hospitality	Other services
Jan. 2023	$33.07	$33.30	$36.96	$35.70	$31.68	$33.16	$29.14	$33.01	$28.51	$36.29	$23.56	$28.49	$48.88	$47.76	$42.50	$39.72	$32.65	$20.78	$29.56
Jan. 2024	$34.55	$35.02	$39.10	$37.55	$33.26	$34.96	$30.32	$34.45	$29.74	$37.30	$24.29	$30.38	$50.77	$49.24	$44.77	$41.56	$33.85	$21.69	$31.22

MAJOR STOCK INDEX PERFORMANCE

	S&P 500	Dow Jones Industrial Average	Nasdaq Composite
Percent Change (Monday)	0.76%	0.59%	1.12%
Percent Change (Tuesday)	-0.06%	0.35%	-0.76%
Percent Change (Wednesday)	-1.55%	-0.82%	-2.23%
Percent Change (Thursday)	1.18%	0.97%	1.30%
Percent Change (Friday)	1.07%	0.35%	1.74%
Weekly Change	1.38%	1.43%	1.12%

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	5.53	5.46	5.42	5.37	5.19	4.76	4.29	4.1	3.97	4.02	4.08	4.42	4.31
Tuesday	5.53	5.47	5.42	5.38	5.19	4.8	4.36	4.14	4	4.03	4.06	4.4	4.28
Wednesday	5.53	5.46	5.42	5.4	5.18	4.73	4.27	4.05	3.91	3.95	3.99	4.34	4.22
Thursday	5.49	5.51	5.42	5.38	5.15	4.68	4.2	3.96	3.8	3.83	3.87	4.21	4.1
Friday	5.49	5.51	5.43	5.42	5.22	4.81	4.36	4.14	3.99	4.02	4.03	4.33	4.22

LINKS TO ECONOMIC/FINANCIAL DATA FROM THIS WEEK

December 2023 Job Openings and Labor Turnover Report

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

Jerome Powell FOMC Press Conference Statement Summary + Commentary

https://www.federalreserve.gov/monetarypolicy/fomcpresconf20240131.htm

U.S. Initial Jobless Claims for Week ending January 27th

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

January 2024 Employment Situation

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

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WEEKLY MARKET PULSE

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