

## MONDAY

The excitement surrounding NVIDIA's quarterly earnings report (released this Wednesday) led tech stocks to finish the day on an optimistic note. As one of the forerunners of the "AI Boom," the sentiment surrounding NVIDIA's business performance plays a large role in the overall tech market. Thus, NVIDIA's optimism-fueled gain of around 8.5% led the highly tech-concentrated NASDAQ to significant gains.

Major Stock Indices Performance Today...

S&P 500: 0.69%

Dow Jones: -0.11%

NASDAQ: 1.56%

Earnings report data from major companies:

Company	Quarter 1 Revenue	Quarter 2 Forecast Revenue	Quarter 2 Revenue	% Estimated Quarterly Revenue Growth	Today's Stock Growth
Zoom Video	\$1.1 B	\$1.11 B	\$1.14 B	4%	1.48%



## SCE Labor Market Survey (April-July)

This survey, conducted on a 4-month or quarterly basis, gathers responses from approximately 1,000 participants in the Survey of Consumer Expectations—a nationally representative survey that provides insights into consumer perspectives on inflation, household finances, and the labor market.

Respondents share their current experiences within the labor market and their expectations for future labor market conditions. However, for the purpose of this article, we will focus solely on their current experiences.

**Earnings:** In comparison to the four-month period between last December and this March, the average salary of full-time employees increased from around \$78,800 to \$79,700 between April and July. The labor market was relatively tight throughout this four-month period, resulting in higher salaries across the board.

**Expectations of Higher Unemployment (1-Year Ahead):** Owing to an exceptionally robust job market and consistently low unemployment, consumers in July anticipated a reduced likelihood of increased unemployment within a year, now down to 36.7%.

## Survey of Consumer Expectations

**Household Financial Situation:** As households anticipate a deceleration in inflation and a resilient labor market, expectations regarding their financial situations one year from now have improved.

Financial Situation	June 2023	July 2023
Much better off	3.9%	3.9%
Somewhat better off	21.6%	25.4%
About the same	45.0%	44.1%
Somewhat worse off	24.1%	22.7%
Much worse off	5.5%	3.9%



## TUESDAY

**Stock Market:** After Fitch, a highly respected credit rating agency, warned that several American banks could face downgrades, bank stocks took a tumble. Investors grew concerned about the potential implications of these lower credit ratings for the stock market and the overall economy, and their concerns are justified. If the credit ratings of multiple banks, such as J.P. Morgan, were to be downgraded, trust in America's financial system could fall due to the uncertainty surrounding the financial stability of these banks.

Furthermore, similar to how individuals might face higher interest rates if their credit ratings declined, downgraded banks would likely also incur higher interest costs on borrowed funds. This situation would likely result in increased business expenses and reduced profits. Hence, much of the apprehension linked to the potential credit rating downgrades of various banks is rooted in the expectation that the performance of banking operations could slow down.

Major Stock Indices Performance Today...

S&P 500: -1.16%

Dow Jones: -1.02%

NASDAQ: -1.14%

Earnings report data from major companies:

Company	Quarter 1 Revenue	Quarter 2 Forecast Revenue	Quarter 2 Revenue	% Estimated Quarterly Revenue Growth	Today's Stock Growth
Home Depot	\$37.26 B	\$42.2 B	\$42.9 B	15%	0.66%
H&R Block	\$2.09 B	\$1.01 B	\$1.03 B	-51%	0.54%

## Empire State Manufacturing Survey

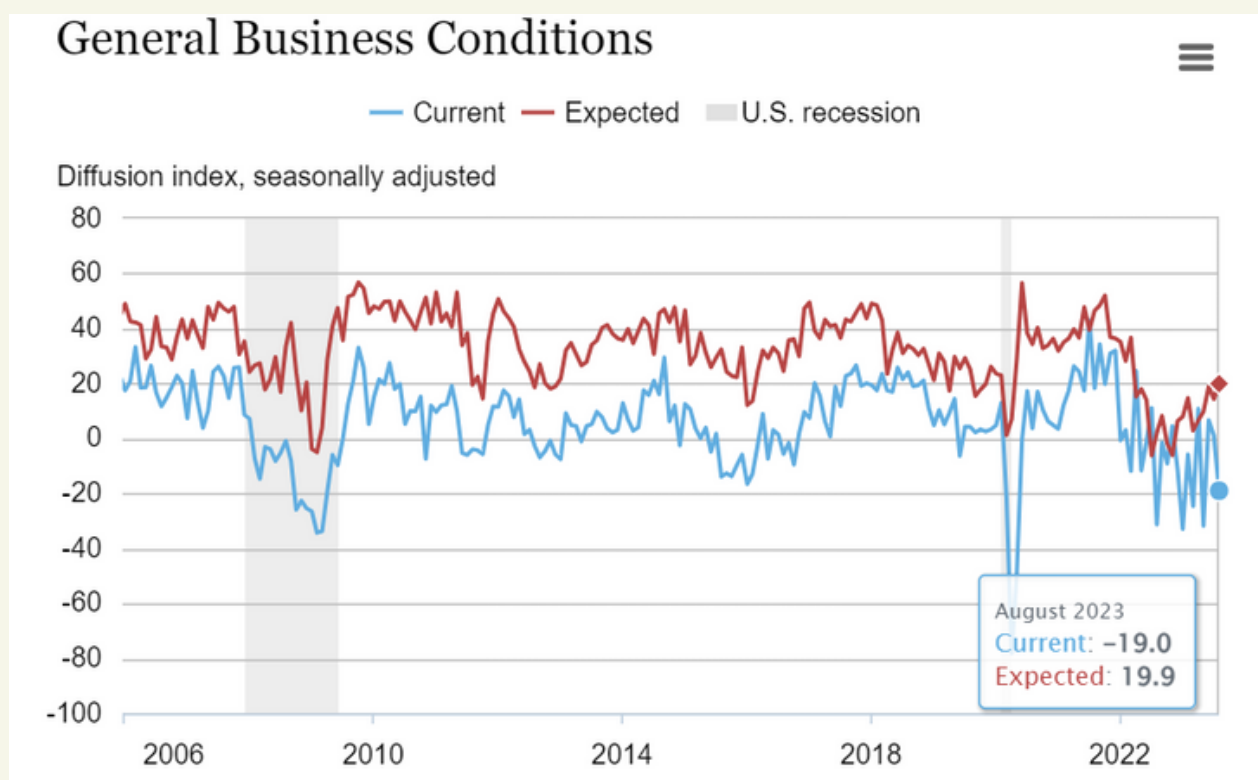
New York-based manufacturing companies surveyed in early August reported a decline in business activity. Given that New York is the United States' third-largest contributor to GDP, trailing behind Texas and California, the slower business activity in New York State is likely to affect the broader American economy.

Moreover, a recent manufacturing survey in Texas indicated a drop in production and new orders. This means that 2 out of the 3 largest contributors to GDP have recently experienced a slowdown in business activity. Together, New York and Texas account for nearly 20% of the American economy.

Consequently, grasping the present business activity in these states can offer insights into the ongoing business growth across the manufacturing industry.

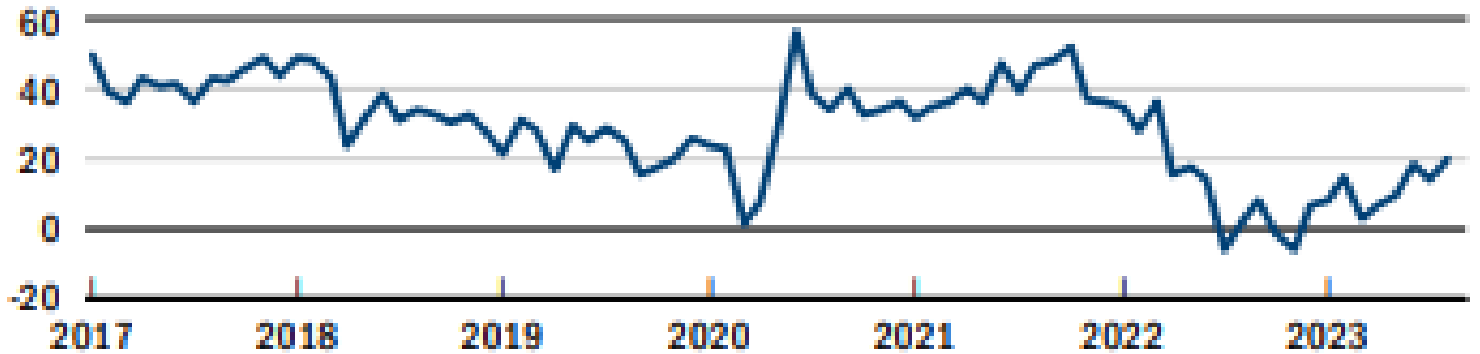
What's more, these surveys aren't conducted by analysts or economists who make predictions based on available data. Instead, they are completed by businesses in the manufacturing industry, who have a clear understanding of their own business health.

In New York, business conditions turned out to be significantly lower than anticipated. The general business conditions index, which calculates the percentage difference between businesses reporting better and worse business conditions, was -19%, well below the expected 19.9%. This implies that a substantial percentage of businesses reported worse business conditions compared to better conditions. While only 16.1% of businesses indicated better business conditions, a total of 35% reported them as being worse. This decline in overall business conditions is a result of fewer new orders, reduced shipments, and higher inventories.



## Expectations Six Months Ahead

### General Business Conditions



Despite a recent slowdown in business activity, many businesses are expecting an uptick in business activity in the next six months. Among the companies surveyed, approximately 40% of them anticipate business activity to gain momentum in the coming months. Furthermore, nearly half of the survey respondents are expecting increases in both new orders and shipments, indicating strong optimism regarding the future of the American economy.



## WEDNESDAY

**Stock Market:** Markets sustained losses on Wednesday following the release of the FOMC Minutes from late July, which provide insight into the views of several economists regarding the current and future state of the American economy. During the meeting, the Committee acknowledged the possibility of further monetary tightening through higher interest rates. This development has prompted investors and analysts to express concerns about the potential for future economic challenges.

Major Stock Indices Performance Today...

S&P 500: -0.76%

Dow Jones: -0.52%

NASDAQ: -1.15%

Earnings report data from major companies:

Company	Quarter 1 Revenue	Quarter 2 Forecast Revenue	Quarter 2 Revenue	% Estimated Quarterly Revenue Growth	Today's Stock Growth
Cisco	\$14.6 B	\$15.05 B	\$15.2 B	4%	-0.73%
Target	\$25.32 B	\$25.33 B	\$24.8 B	-2%	2.96%

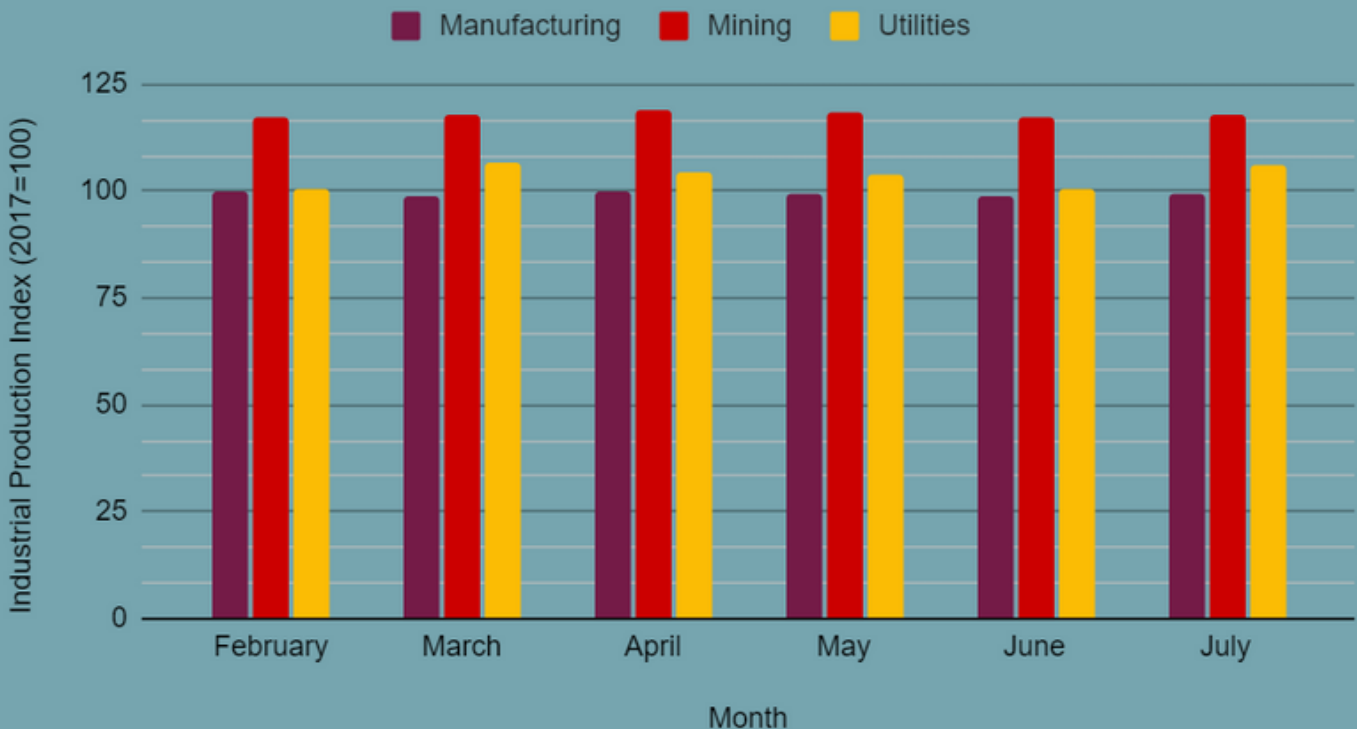
## Industrial Production and Capacity Utilization (July)

Released by the Federal Reserve, this article provides an understanding of recent developments in the industrial sector concerning total product output and production efficiency.

Based on data from this article, industrial production in each of the major industrial groups – manufacturing, mining, and utilities – increased in July. While total industrial output improved by 1% from June to July, marking the fastest increase throughout the entire year, utilities played the most significant role in driving this upturn. In comparison to manufacturing and mining production, which both only grew by 0.5% month-over-month, utility production surged by 5.4%.

This upswing in industrial production indicates robust economic growth in July, likely driven by heightened consumer demand and business investment. The production of consumer goods saw a 1.4% increase, the most rapid growth observed this year, while the production of business equipment rose by 1%, marking the swiftest increase since April. These increases in the production of consumer goods and business equipment suggest that businesses in July anticipated a rise in consumer demand.

### Manufacturing, Mining and Utilities





## THURSDAY

**Stock Market:** In response to bond yields reaching their highest point since the Great Recession era, markets experienced a decline on Thursday. While markets have recently been lifted by optimism and speculation surrounding the artificial intelligence sector, concerns about potential economic challenges have started resurfacing in the market.

Stock Performance Today...

Major Stock Indices Performance Today...

S&P 500: -0.77%

Dow Jones: -0.84%

NASDAQ: -1.17%

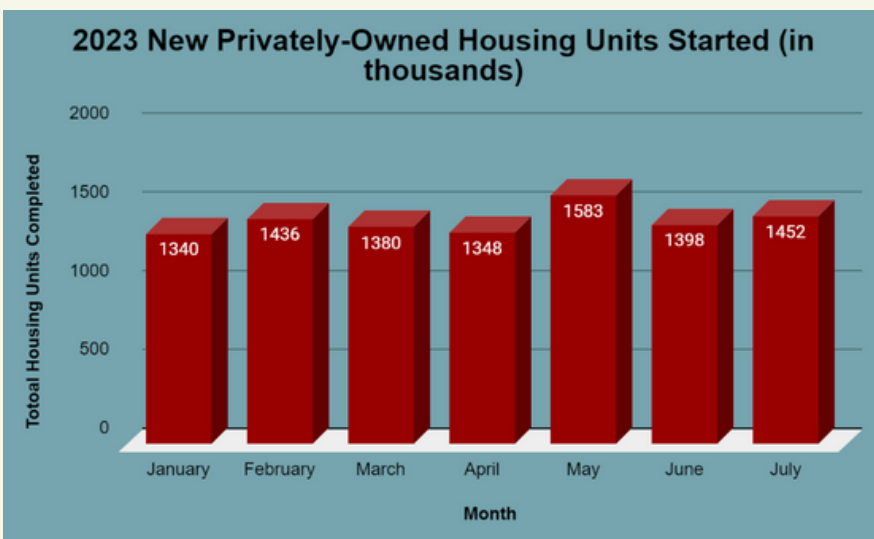
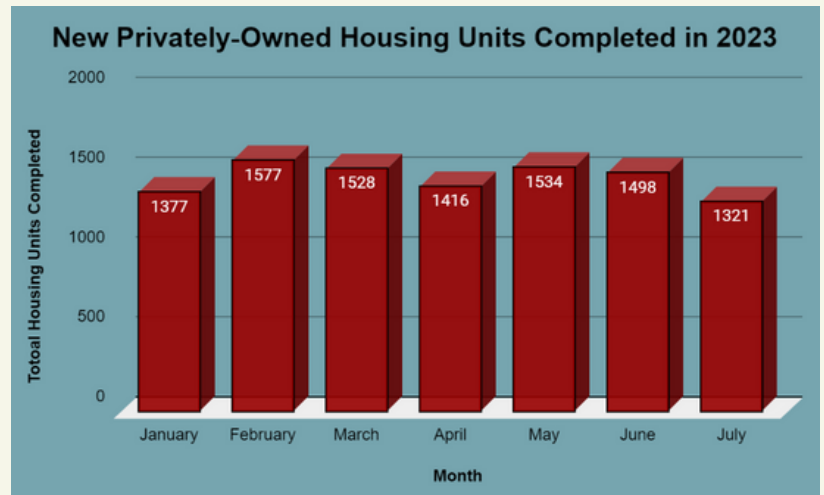
Earnings report data from major companies:

Company	Quarter 1 Revenue	Quarter 2 Forecast Revenue	Quarter 2 Revenue	% Estimated Quarterly Revenue Growth	Today's Stock Growth
Walmart	\$152.3 B	\$159.76 B	\$161.6 B	6%	-2.24%
Applied Materials	\$6.63 B	\$6.15 B	\$6.43 B	-3%	-0.48%
Lenovo Group	\$12.6 B	\$13.51 B	\$12.9 B	2%	0.51%

# WEEKLY MARKET UPDATE

New Residential Construction (July): Data provided by the U.S. Census Bureau and the U.S. Department of Housing and Urban Development offer insights into the present state of new residential construction. Analyzing this data can aid in comprehending both ongoing and potential developments within America's newly constructed housing inventory.

Adding to existing concerns about the limited housing supply in the U.S., the number of newly completed housing units reached its lowest point since January 2022. This suggests that unless a significantly higher number of houses are constructed in the near future or more homeowners decide to sell their properties, there is a likelihood of increased upward pressure on housing prices in the U.S.



Although fewer homes were completed in July compared to previous months, there has been a significant increase in the number of housing units that were started when compared to past months. In July, the number of housing units started on surged by almost 4% to reach 1.45 million. This increase is expected to add more housing units to the U.S. housing supply and potentially alleviate downward pressure on prices in the future. Additionally, another forward-looking indicator of housing supply, building permits, experienced a modest increase, rising from 1.441 million in June to 1.442 million in July.

Last week's initial jobless claims, indicating the number of individuals who filed for unemployment benefits during that period, decreased by 11,000 compared to the previous week. With fewer individuals filing for unemployment benefits, it suggests that the job market continues to demonstrate strength.

## Philadelphia Federal Reserve Bank's August 2023 Manufacturing Business Outlook Survey

Survey results were gathered from various manufacturers across the states of Pennsylvania, New Jersey, and Delaware during the period from August 7 to August 14. In contrast to the decelerating manufacturing activity observed in New York and Texas, the manufacturing sector in this region exhibited improvement.

Overall demand increased in response to elevated levels of general business activity, new orders, and shipments. The percentage of manufacturing businesses reporting upticks in new orders and general business activity was approximately twice the percentage reporting declines. Moreover, due to heightened demand and increased sales, inventories were reported to have declined.

Despite stronger overall business activity, the number of employees was reported to have fallen, and the average employee workweek was reported to have increased, which may be an indicator of higher unemployment rates in the region's manufacturing industry.

Manufacturing Business Outlook Survey August 2023	% of Firms Reporting Increase	% of Firms Reporting No Change	% of Firms Reporting Decrease
General Business Activity	24.8%	58.4%	12.8%
New Orders	26.3%	62.2%	10.4%
Shipments	19.4%	66.9%	13.7%
Inventories	8.9%	68.9%	19.1%
Number of Employees	12.2%	69.5%	18.3%
Average Employee Workweek	15.4%	75.3%	9.1%

## FRIDAY

**Stock Market:** Markets on Friday concluded the day with a mixed performance, as bond yields slightly dipped below Thursday's levels.

With the ascent of bond yields, numerous investors have made adjustments to their investment portfolios, incorporating a greater proportion of fixed-income securities, such as bonds. In contrast to other investment vehicles such as stocks, commodities, and cryptocurrencies, bonds are recognized for their notably low-risk nature. In fact, due to their inherent low risk, the interest rates associated with bonds are generally very modest, consequently yielding earnings that tend to be lower compared to other investment categories. Currently, however, the blend of a relatively low-risk return and high-interest yields has rendered bonds a highly competitive choice in relation to other investment options.

Major Stock Indices Performance Today...

S&P 500: -0.01%

Dow Jones: 0.08%

NASDAQ: -0.20%

Earnings report data from major companies:

Company	Quarter 1 Revenue	Quarter 2 Forecast Revenue	Quarter 2 Revenue	% Estimated Quarterly Revenue Growth	Today's Stock Growth
Deere&Company	\$17.39 B	\$14.12 B	\$15.8 B	-9%	-5.28%
Palo Alto Networks	\$1.7 B	\$1.96 B	\$2 B	18%	1.02%
Estee Lauder	\$3.75 B	\$3.51 B	\$3.61 B	-4%	-3.31%

# MAJOR STOCK INDEX PERFORMANCE

	S&P 500	Dow Jones Industrial Average	Nasdaq Composite
Percent Change (Monday)	0.58%	0.07%	1.05%
Percent Change (Tuesday)	-1.16%	-1.02%	-1.14%
Percent Change (Wednesday)	-0.76%	-0.52%	-1.15%
Percent Change (Thursday)	-0.77%	-0.84%	-1.17%
Percent Change (Friday)	-0.01%	0.08%	-0.20%
Weekly Change	-2.11%	-2.21%	-2.59%

# 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	5.52	5.56	5.53	5.56	5.37	4.96	4.64	4.36	4.29	4.19	4.46	4.29
Tuesday	5.53	5.52	5.56	5.51	5.55	5.36	4.92	4.64	4.36	4.31	4.21	4.49	4.32
Wednesday	5.52	5.53	5.56	5.54	5.54	5.37	4.97	4.68	4.42	4.37	4.28	4.55	4.38
Thursday	5.55	5.52	5.56	5.54	5.53	5.36	4.94	4.67	4.42	4.38	4.30	4.58	4.41
Friday	5.53	5.52	5.55	5.54	5.52	5.35	4.92	4.63	4.38	4.34	4.26	4.55	4.38

# **LINKS TO ECONOMIC/FINANCIAL DATA FROM THIS WEEK**

## **SCE Labor Market Survey (April-July)**

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

## **Empire State Manufacturing Survey**

[https://www.newyorkfed.org/medialibrary/media/Survey/Empire/empire2023/ESMS\\_2023\\_08.pdf?  
sc\\_lang=en&hash=A27FC57B0EA322CD7AC23A22DBF94936](https://www.newyorkfed.org/medialibrary/media/Survey/Empire/empire2023/ESMS_2023_08.pdf?sc_lang=en&hash=A27FC57B0EA322CD7AC23A22DBF94936)

## **Industrial Production and Capacity Utilization (July)**

<https://www.federalreserve.gov/releases/g17/current/default.htm>

## **New Residential Construction (July)**

<https://www.census.gov/construction/nrc/pdf/newresconst.pdf>

## **Last week's initial jobless claims**

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

## **Philadelphia Federal Reserve Bank's August 2023 Manufacturing Business Outlook Survey**

[https://www.philadelphiafed.org/surveys-and-data/regional-economic-  
analysis/mbos-2023-08](https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2023-08)



# WEEKLY MARKET UPDATE

## DISCLAIMER

Past performance shown is not indicative of future results, which could differ substantially.

The information provided is for educational and informational purposes only and does not constitute investment advice and it should not be relied on as such. It should not be considered a solicitation to buy or an offer to sell a security. It does not take into account any investor's particular investment objectives, strategies, tax status, or investment horizon.

The views expressed in this commentary are subject to change based on market and other conditions. These documents may contain certain statements that may be deemed forward-looking statements. Please note that any such statements are not guarantees of any future performance and actual results or developments may differ materially from those projected. Any projections, market outlooks, or estimates are based upon certain assumptions and should not be construed as indicative of actual events that will occur.

All information has been obtained from sources believed to be reliable, but its accuracy is not guaranteed. There is no representation or warranty as to the current accuracy, reliability, or completeness of, nor liability for, decisions based on such information and it should not be relied on as such.

Serene Financial Solutions, LLC ("serene financial solutions") is a registered investment advisor. Advisory services are only offered to clients or prospective clients where Serene Financial Solutions and its representatives are properly licensed or exempt from licensure.