

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%



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.

Job Transitions: In this quarter, the percentage of workers who are no longer in the workforce or classified as unemployed has reached its lowest level in two years. While the percentage of people who exited the workforce increased by approximately 1.7 percentage points to 2.6%, the percentage of unemployed individuals dropped from 2.7% in the previous 4-month period to 0.8% this quarter.

Furthermore, a lower percentage of workers transitioned to new employers between April and July. However, this percentage remains relatively high, standing at 5.3%, as employers continue to offer higher salaries. In this quarter, the average full-time salary offer reached \$69,475, marking an increase of nearly \$7,400 compared to the last quarter.

TUESDAY

Stock Market: Markets were mixed on Tuesday as investors awaited earnings from NVIDIA with optimism, while concerns about a sustained high-interest rate environment lingered. In addition to these worries about high interest rates, bank stocks experienced a decline this Tuesday due to several U.S. banks having their credit ratings downgraded by S&P Global Ratings. Among the banks affected were Comerica Inc., KeyCorp, UMB Financial Corp., Associated Banc Corp., and Valley National Bancorp.

Major Stock Indices Performance Today...

S&P 500: -0.28%

Dow Jones: -0.51%

NASDAQ: 0.06%

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
Lowe's	\$22.35 B	\$24.97 B	\$25 B	12%	3.75%
Dick's Sporting Goods	\$2.84 B	\$3.24 B	\$3.22 B	13%	-24.15%
BJs Wholesale Club	\$4.72 B	\$5.18 B	\$4.96 B	5%	-5.13%
Macy's	\$4.98 B	\$5.07 B	\$5.13 B	3%	-14.05%
Medtronic	\$8.5 B	\$7.57 B	\$7.7 B	-9%	2.59%

Existing Homes Sales (July)

Many of us are aware that home prices are currently incredibly high, with the median sales price of existing homes being around \$406,700. However, many of us might not understand exactly why these prices have risen in the first place. After all, higher interest rates were "supposed" to cause a crash in the housing market. While some cities in the United States have indeed experienced crashes, the housing market in the U.S. as a whole has managed to maintain its unaffordably high prices.

When it comes to homes, as well as most other products, supply and demand are the two primary factors that influence prices. Higher demand and lower supply tend to drive prices up, while lower demand and greater supply lead to price decreases. One of the major reasons for the current high cost of homes is the dwindling supply. Within just a year, the overall housing inventory has fallen by 14.6%, exerting significant upward pressure on home prices.

However, in July, a combination of reduced existing-home sales and an increased total housing inventory helped lower prices from \$410,000 in June to \$406,700.

REGIONAL BREAKDOWN OF U.S. HOME SALES AND PRICES

Region	% Change in Existing Home Sales	Median Home Price in July 2023
Northeast	-5.9%	\$467,500
Midwest	-3.0%	\$304,600
South	-2.6%	\$366,200
West	2.7%	\$610,500



WEDNESDAY

Markets ended the day in the positive upon anticipation of NVIDIA's earnings release in market after hours. In the second quarter, NVIDIA recorded a revenue of \$13.51 billion, marking an 88% increase from the previous quarter and a growth of over 100% compared to the second quarter of the previous year. Adding on to the company's strong revenue growth, its profit margins increased to just over 70%, which is remarkably high. NVIDIA expects its revenue to increase to approximately \$16 billion in the coming quarter.

Major Stock Indices Performance Today...

S&P 500: 1.10%

Dow Jones: 0.54%

NASDAQ: 1.59%

Earnings report data from major companies:

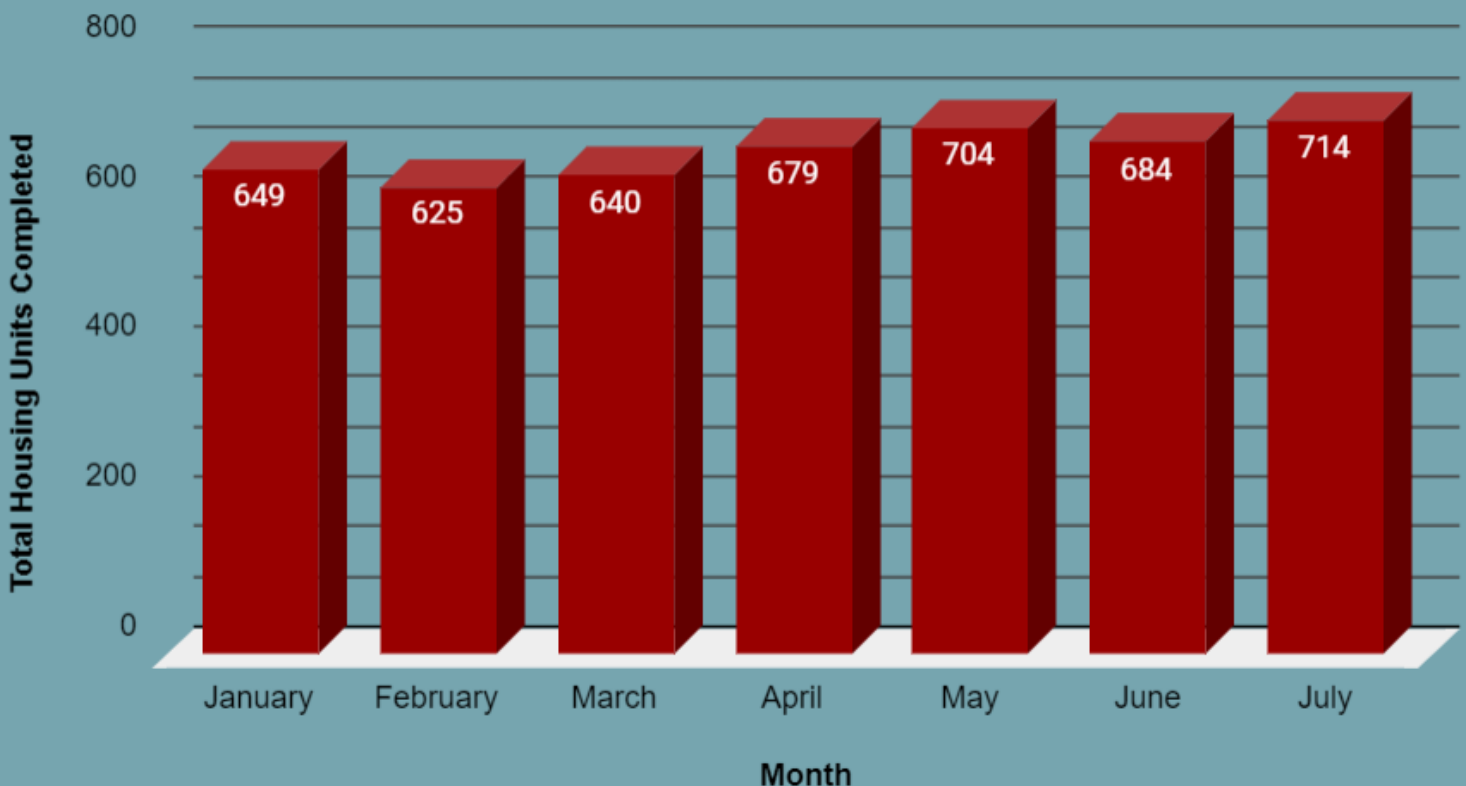
Company	Quarter 1 Revenue	Quarter 2 Forecast Revenue	Quarter 2 Revenue	% Estimated Quarterly Revenue Growth	Today's Stock Growth
NVIDIA	\$7.19 B	\$11.13 B	\$13.51 B	88%	3.17%
Bath & Body Works	\$1.4 B	\$1.56 B	\$1.56 B	11%	3.75%
Advance Auto Parts	\$3.4 B	\$2.66 B	\$2.69 B	-21%	3.12%
Kohl's Corp	\$3.57 B	\$3.74 B	\$3.9 B	9%	5.05%
Foot Locker	\$1.93 B	\$1.88 B	\$1.86 B	-4%	-28.28%

New Home Sales (July)

While Tuesday's housing data focused on the sales of existing homes, the sales data in this release is centered on new homes. In contrast to the decline in existing home sales, new home sales in July increased by 4.4% compared to June and 31.5% compared to the same period last year. A total of 714,000 new homes were sold in July, marking the highest number of homes sold since February 2022.

Likely due to the sustained demand in the new homes market, the average sales price of new homes stood at \$513,000 in July.

2023 New Privately-Owned Houses Sold (in thousands)



THURSDAY

Following NVIDIA's outstanding results, investors redirected their attention to the Federal Reserve's annual meeting at Jackson Hole. During this event, economists, central bankers, and major financial leaders from around the world discuss global economic developments. A pivotal aspect of the event that has captured investors' attention is Jerome Powell's speech, in which he addresses the present condition of the American economy and outlines the potential actions the Federal Reserve might take in the coming future.

Stock Performance Today...

Major Stock Indices Performance Today...

S&P 500: -1.35%

Dow Jones: -1.09%

NASDAQ: -1.87%

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
Intuit	\$6.02 B	\$2.64 B	\$2.7 B	-55%	-0.47%
Dollar Tree	\$7.32 B	\$7.18 B	\$7.32 B	0%	-12.90%
Gap	\$3.28 B	\$3.58 B	\$3.55 B	8%	-1.24%
Nordstrom	\$3.18 B	\$3.68 B	\$3.62 B	14%	-4.38%

Chicago Fed National Activity Index (July):

With the aim of highlighting the current economic activity in the United States, the CFNAI presents data related to various economic indicators, such as inflation, employment, and sales. This index measures economic activity in a straightforward manner. A value of 0 indicates average economic growth, above 0 indicates above-average growth, and below 0 indicates below-average growth. Additionally, the CNFAI is influenced by four main categories:

Production and Income | Employment, Unemployment, and Hours | Personal Consumption and Housing | Sales, Orders, and Inventories

In July, the U.S. economy experienced above-average growth due to improvements in two of the four economic categories: production and income, and personal consumption and housing. Based on this data, the U.S. economy continues to demonstrate strength and resilience.

Chicago Fed National Activity Index (CFNAI)



FRIDAY

Jackson Hole Meeting Summary: After a challenging day for markets on Thursday, they rebounded on Friday, closing with significant gains. Although markets initially started on a lower note, they rallied following Jerome Powell's speech at the Jackson Hole meeting.

Major Stock Indices Performance Today...

S&P 500: 0.67%

Dow Jones: 0.73%

NASDAQ: 0.94%

Jackson Hole: Jerome Powell Speech Summary

- Jerome Powell, the Chair of the Federal Reserve, reiterated the Federal Reserve's objective of lowering inflation to 2% to restore price stability within the United States.
- Powell mentioned that the U.S. economy is likely to experience "below-trend growth" as inflation is reduced.
- Furthermore, Powell anticipates that unemployment is likely to rise, leading to more layoffs in the near future.
- Due to an expected combination of slower economic growth and a weaker labor market in the coming future, many American households are expected to face financial challenges.
- While it might be confusing why the Federal Reserve would intentionally slow down the U.S. economy and jeopardize the financial health of millions of Americans, Powell argued that it is necessary to prevent the potential long-term financial hardship caused by prolonged periods of high inflation and unaffordable prices.
- As Powell elaborated, the current state of the U.S. economy is strong, with robust demand in the labor market.
- Powell indicated that more restrictive monetary policies, such as higher interest rates, will likely persist for a while. However, he also mentioned that the Federal Reserve intends to moderate the pace of rate hikes.
- In his concluding remarks, Powell outlined the Federal Reserve's plan to continue slowing down economic growth, particularly demand, until the inflation rate reaches its 2% target.



Jackson Hole: Jerome Powell Speech Commentary

Based on Jerome Powell's speech, it is crucial to prepare for a high likelihood of economic and financial challenges in the near future. While the positive aspect is that prices are likely to decrease, understanding the reasons behind the price declines is essential. Powell's strategy is to target economic demand, essentially aiming to reduce consumer and investor spending. To achieve this, the Federal Reserve is likely to maintain or increase current interest rates.

The rationale behind higher interest rates is linked to credit. If borrowing a specific amount of money becomes more expensive, consumers and investors are inclined to borrow fewer funds, resulting in reduced spending. This should naturally lead to lower prices, causing a decline in inflation.

However, a consequence of this approach is that less money will flow to the companies where many Americans are employed. As higher borrowing costs and decreased consumer/investor spending lead to lower profits, companies will have less capital to allocate to their employees. Consequently, many workers may face layoffs, reduced benefits, and limited job opportunities.

Considering that Jerome Powell is actively warning about the potential of future financial difficulties for many Americans, it is a critical time to consider saving money and potentially contributing to an emergency fund. While individual situations vary, accumulating enough savings to cover 3-6 months of expenses can be extremely helpful. This way, if an unforeseen event occurs that places a financial strain on you (like a job loss or salary reduction), you will have some money to fall back on. Taking the initiative to prepare for possible financial challenges can make all the difference.



MAJOR STOCK INDEX PERFORMANCE

	S&P 500	Dow Jones Industrial Average	Nasdaq Composite
Percent Change (Monday)	0.69%	-0.11%	1.56%
Percent Change (Tuesday)	-0.28%	-0.51%	0.06%
Percent Change (Wednesday)	1.10%	0.54%	1.59%
Percent Change (Thursday)	-1.35%	-1.09%	-1.87%
Percent Change (Friday)	0.67%	0.73%	0.94%
Weekly Change	0.82%	-0.45%	2.26%

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	5.53	5.57	5.55	5.58	5.37	4.97	4.70	4.46	4.42	4.34	4.64	4.45
Tuesday	5.54	5.53	5.57	5.55	5.57	5.39	5.02	4.75	4.49	4.44	4.34	4.61	4.42
Wednesday	5.54	5.53	5.57	5.56	5.55	5.35	4.95	4.64	4.36	4.30	4.19	4.46	4.27
Thursday	5.55	5.53	5.58	5.57	5.59	5.39	4.98	4.69	4.39	4.34	4.23	4.49	4.30
Friday	5.56	5.53	5.61	5.59	5.61	5.44	5.03	4.72	4.44	4.37	4.25	4.50	4.30

LINKS TO ECONOMIC/FINANCIAL DATA FROM THIS WEEK

SCE Labor Market Survey (April-July)

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

Existing Homes Sales (July)

<https://www.nar.realtor/newsroom/existing-home-sales-slipped-2-2-in-july>

New Home Sales (July)

<https://www.census.gov/construction/nrs/pdf/newressales.pdf>

Chicago Fed National Activity Index (July)

<https://www.chicagofed.org/research/data/cfnai/current-data>

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

Jerome Powell's Speech at Jackson Hole

<https://www.federalreserve.gov/newsevents/speech/powell20230825a.htm>



WEEKLY MARKET UPDATE

DISCLAIMER

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