

## MONDAY

Monday closed with major stock indices presenting a mixed picture, as uncertainty loomed over the U.S. due to escalating national debt and deep political divisions impacting fiscal stability. Moody's, a major credit rating agency, downgraded America's credit rating, sparking some concerns among investors and analysts about potential implications for the wider economy. Interestingly, despite these worries, the response from investors to the credit rating adjustment was relatively subdued.

While Treasury yields experienced a slight increase from last Friday's levels, the uptick wasn't substantial enough to trigger any significant market upheavals.

Looking ahead, we anticipate crucial economic data releases this week, notably the October Consumer Price Index (CPI), the Producer Price Index (PPI), and U.S. retail sales figures. These indicators serve as vital markers, shedding light on the critical role of consumer spending in bolstering the economy.

### Major Stock Indices Performance Today...

S&P 500: -0.08%

Dow Jones: 0.16%

NASDAQ: -0.22%

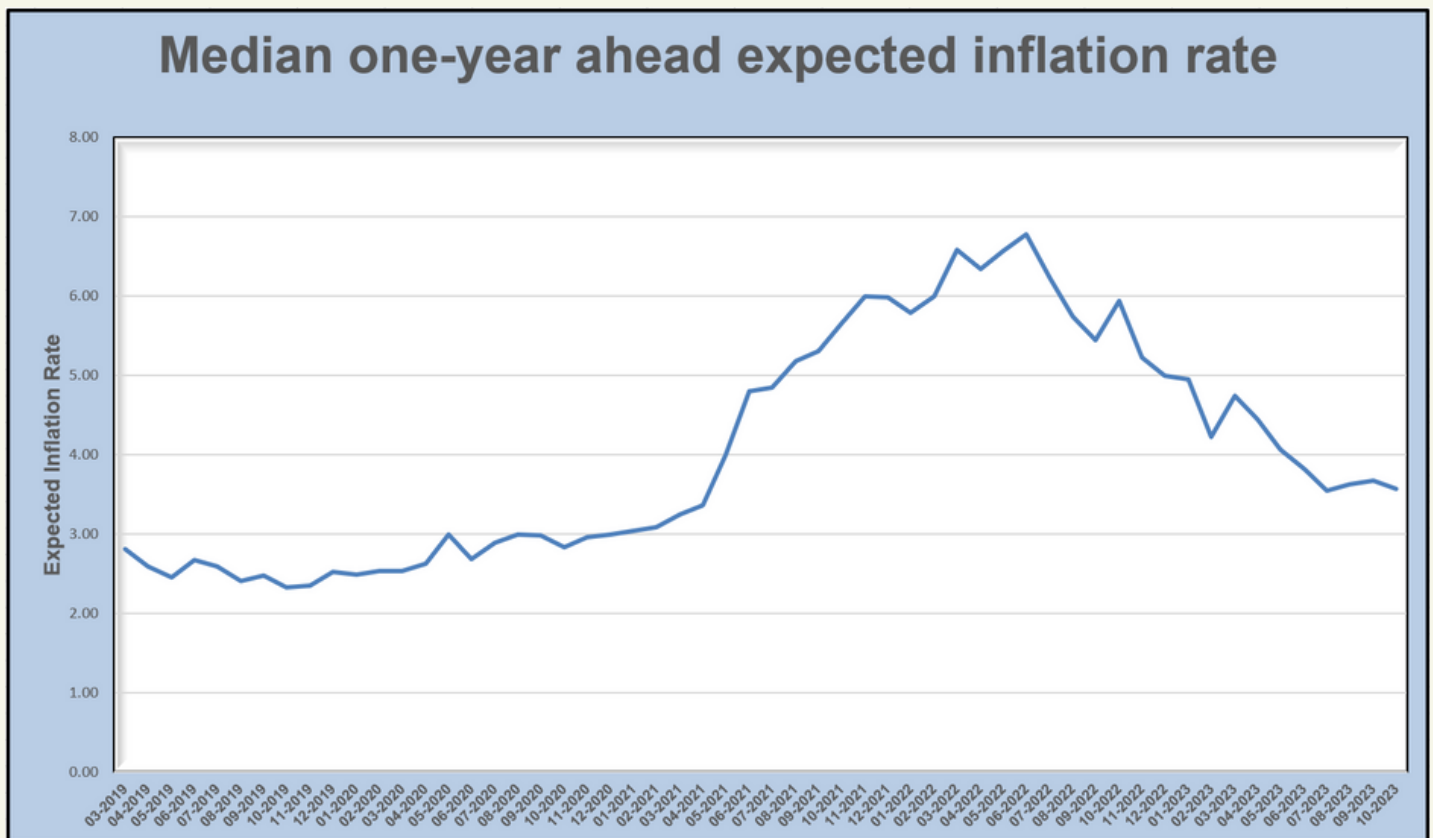


## October Survey of Consumer Expectations

This nationally representative survey, encompassing around 1,300 households, delves into the perceptions and attitudes of Americans regarding economic and financial prospects based on their past experiences and current circumstances.

Among the findings, consumers' expectations for inflation in the upcoming year averaged at 3.6%, slightly down by 0.1% from September. This dip in anticipated inflation rates could be due to consumers observing current prices that might have moderated compared to a month ago. A key factor influencing these lowered inflation expectations could be the recent declines in oil prices, contributing to a more optimistic outlook among consumers.

On the topic of housing, projections for home price growth in the next year remained stagnant at 3%. Notably, these projections fall below the historical average, suggesting that consumers are less confident in the appreciation of their home values. This is concerning for many homeowners since homeownership often makes up a significant portion of one's wealth.

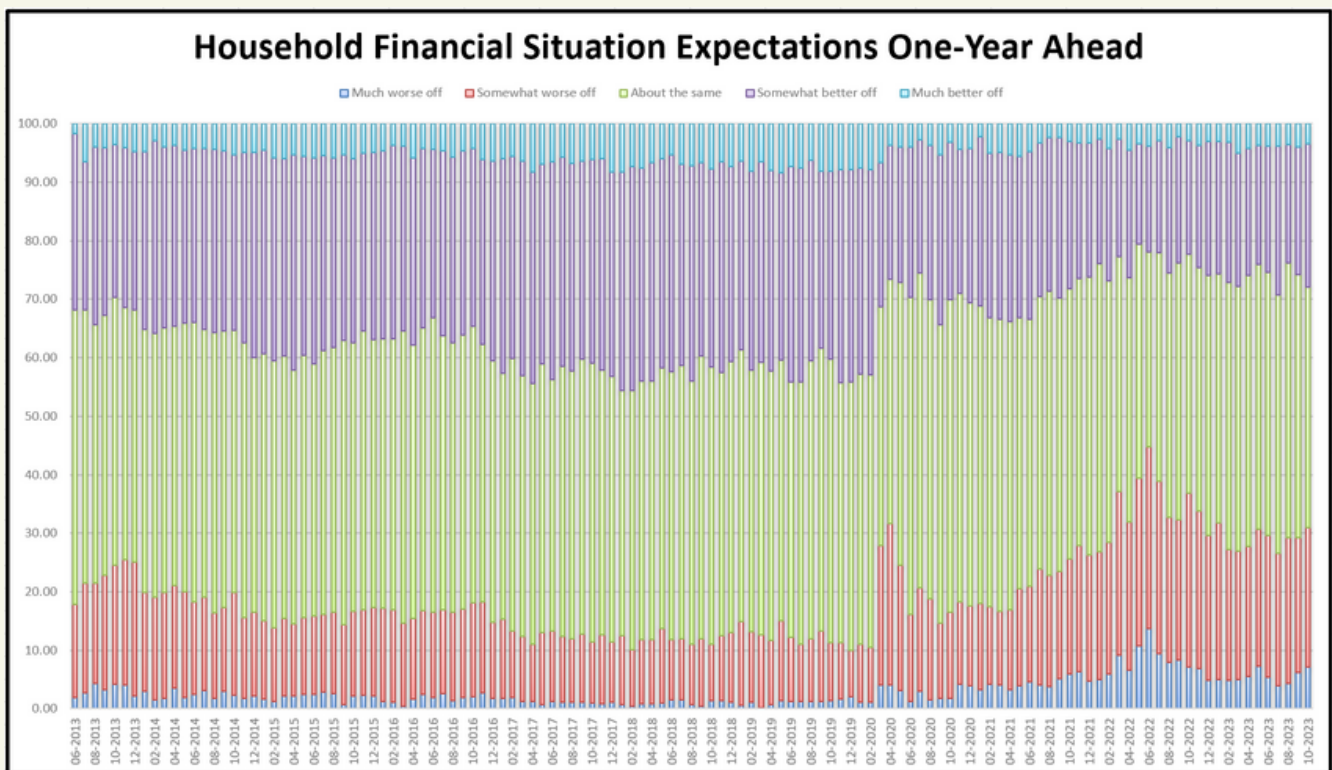


## October Survey of Consumer Expectations

Regarding income expectations, consumers foresaw a growth rate of 2.8% over the next year, slightly down from the 3% forecasted in September. This adjusted expectation could be linked to recent slowdowns in wage and benefits growth. Furthermore, concerns about job security surfaced, with expectations of job layoffs increasing to 12.7%. Such sentiments might lead to apprehensions among workers about potential income reductions and job stability.

While these concerns are valid and affect people's lives, it's essential to consider the broader context. Despite a slightly reduced expectation in wage growth, consumers have higher expectations for wages than in previous years. Moreover, the outlook for job security has improved compared to earlier periods. Therefore, on the whole, consumers maintain a relatively positive perception of the job market, though staying vigilant about possible future changes remains crucial.

However, the optimism about job prospects doesn't seem to extend to personal financial situations. Over 30% of households anticipate a worse financial state in the coming year, while only 28% expect improvement. This shift might be a result of increased expenses due to high prices, leading to reduced savings and heightened debt obligations.



## TUESDAY

Major stock indices surged as inflation data revealed a much lower rate than anticipated, hinting at potential slowdowns in price growth across the United States. Although some investors, analysts, and economists harbor doubts about the accuracy of the latest inflation report, the markets reacted positively. Regardless of the validity concerns, the Federal Reserve is poised to consider this recent inflation figure of 3.2% while shaping its forthcoming monetary policy decisions.

That said, what captivates both investors and analysts about this deceleration in inflation is its potential impact on the Federal Reserve's stance on interest rates. They believe it is likely to dissuade further rate hikes and potentially trigger earlier rate cuts than previously projected. Should this materialize, borrowing costs would decrease significantly, enhancing the capacity to maximize each dollar borrowed, whether that be for spending, investing, or building a business. Consequently, such a shift is anticipated to prompt accelerated economic growth and encourage increased spending and investment from both businesses and consumers.

Moreover, longer-term Treasury yields witnessed a sharp decline due to expectations of lower interest rates. This trajectory likely stems from the revelation of lower-than-expected inflation and the anticipation that the Fed may halt its rate hikes. As a result, many bond investors seized the opportunity to secure today's comparatively higher rates, foreseeing a decline in rates in the months ahead.

### Major Stock Indices Performance Today...

S&P 500: 1.91%

Dow Jones: 1.43%

NASDAQ: 2.37%

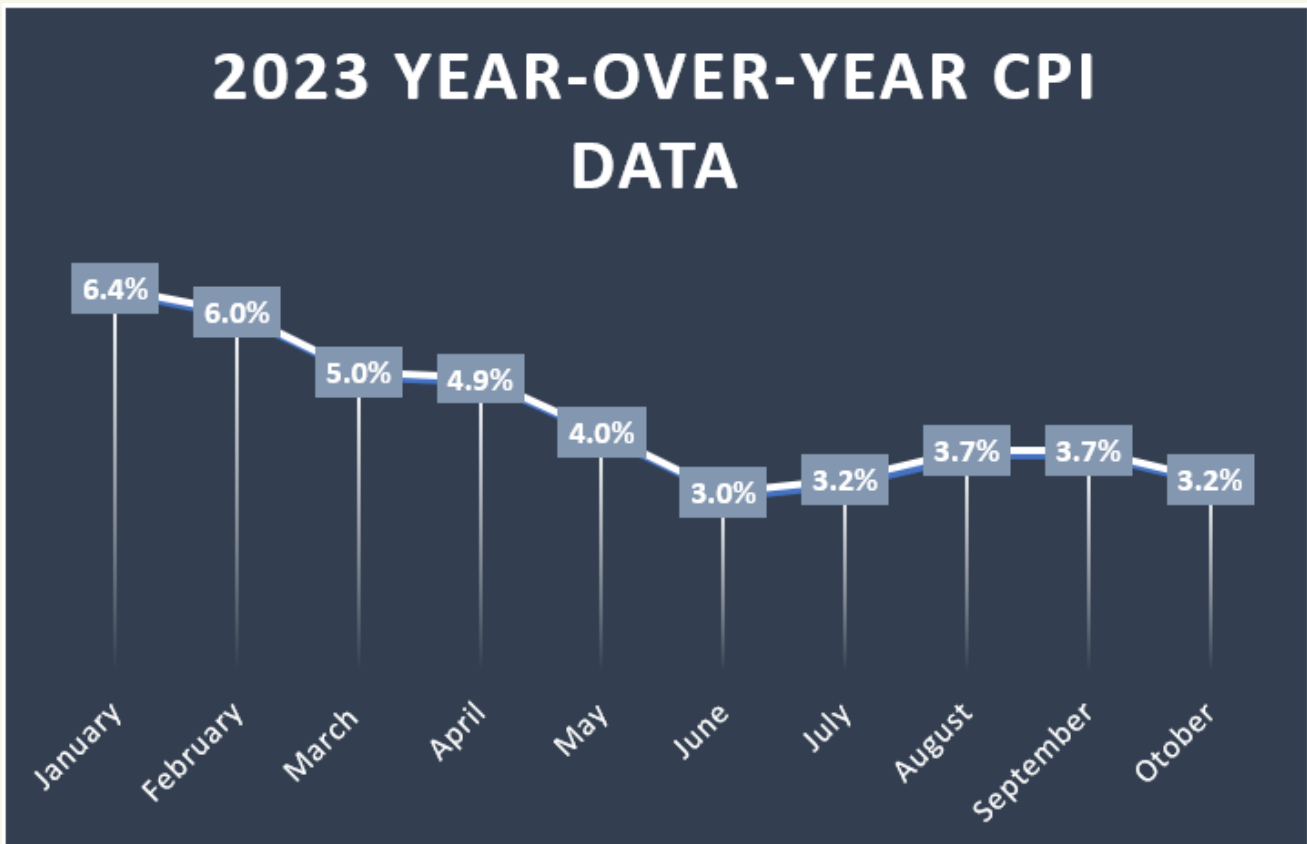


## October Consumer Price Index

Consumer Price Index (CPI) inflation serves as a crucial measure, depicting the overall price changes across various essential spending categories within the American economy. It covers significant areas such as food, shelter, energy, clothing, transportation, and more. Understanding the insights gained from the CPI report empowers consumers to discern specific products or services undergoing price fluctuations, whether experiencing hikes or declines.

The latest CPI data has brought a glimmer of optimism for many, revealing a notable drop in inflation from September's 3.7% to 3.2% in October. This considerable deceleration in price growth primarily stems from recent plunges in energy prices, notably gasoline. These decreases in gas prices present a potential opportunity for individuals to trim their monthly gas budgets, thereby freeing up funds to allocate toward other expenses or consider saving/investing.

However, beyond energy, and used cars, the broader consumer spending landscape reveals a limited selection of products and services that have become cheaper. Instead, the costs of essential items have continued to climb. For instance, overall food prices saw a 0.3% increase, while shelter-related expenses like rent and medical care services also edged up by 0.3% over the past month.

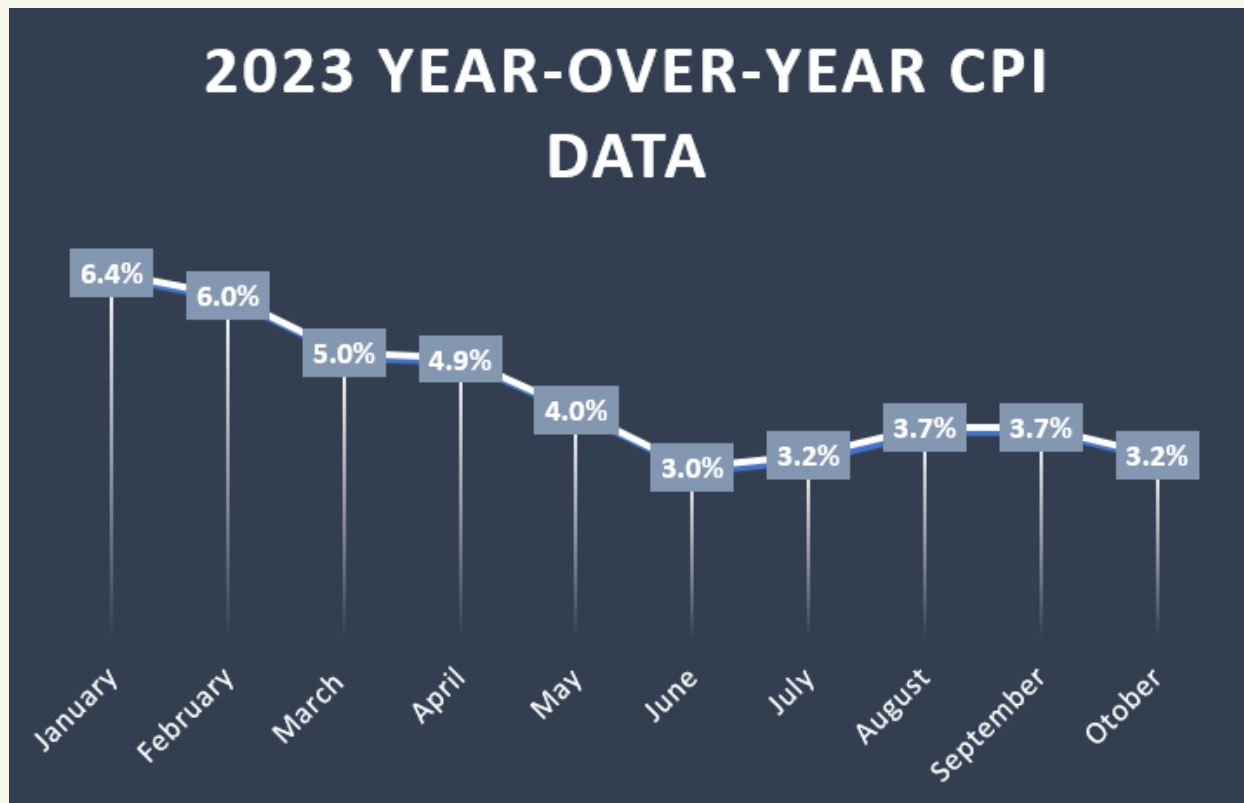


## October Consumer Price Index

Delving deeper into the CPI data reveals persistent high prices across numerous product categories. Almost every food product in the U.S. has seen price hikes in the past year, barring a few exceptions like butter, eggs, fresh veggies, chicken, milk, and cheese. Conversely, the costs of essential food items such as baked goods, meat, fresh fruits, nonalcoholic beverages, and baby food/formula have risen substantially, creating a noticeable impact on grocery bills.

Examining three major spending categories—food, transportation, and housing—paints a vivid picture of the challenges faced by consumers. Rent for primary residences and the homeowner's equivalent of rent have both surged around 7%. Additionally, while certain transportation costs have cooled, expenses like motor vehicle maintenance and repair, insurance, and parking/toll fees have surged significantly, making these critical expenditures notably more expensive for many Americans.

These persistent increases in everyday expenses underline why many individuals perceive inflation as more burdensome than what current reports suggest. The escalating prices across pivotal spending areas have a tangible impact on household budgets, making it evident why inflationary pressures continue to be a pressing concern for countless people. The real-world implications of these price hikes are evident in everyday experiences, particularly when faced with the stark reality of significantly higher grocery bills, elevated housing costs, and increased transportation expenses.



## WEDNESDAY

In one of the latest corporate earnings updates, Target was reported to have outperformed expectations, triggering a remarkable surge of over 17% in its stock. Fueled by robust consumer spending trends, Target witnessed a growth in sales during the third quarter compared to the previous quarter, marked by notably improved profitability. However, amidst this strong performance, Target faced a setback in discretionary spending categories, suggesting that consumers might be tightening their budgets, and refraining from non-essential purchases.

In a strategic move to counter this decline in discretionary spending during the holiday season, Target has unveiled plans to launch thousands of gifts priced below \$25. This initiative aims to cater to consumers' budget constraints and maintain their holiday shopping momentum. If you've been feeling the pinch in your wallet, especially regarding discretionary items, such as electronics, home decor, and fashion accessories, you're certainly not alone. If your current financial situation limits your ability to spend on non-essential items, remember that many others are navigating similar challenges, and it's okay to prioritize your budget wisely.

Interestingly, while Target made headlines, the broader stock market indices didn't witness significant shifts on Wednesday. Although they closed the day with modest gains, market sentiment experienced a setback following an upswing in longer-term Treasury yields, which bounced back after Tuesday's decline.

### Major Stock Indices Performance Today...

S&P 500: 0.16%

Dow Jones: 0.47%

NASDAQ: 0.07%



## October Advance Retail Sales

Advance retail sales represent an estimate of retail and food sales throughout the United States during a specific month, providing a glimpse into consumer spending trends. This comprehensive report covers various business categories, such as grocery stores, motor vehicle and parts dealers, department stores, and nonstore retailers, which encompass online shopping platforms.

In the latest data, October's retail sales remained relatively steady at \$705 billion, compared to September's slightly higher figure of \$705.7 billion. While the decline appears subtle, it suggests a potential dip in consumer spending during October.

These figures offer insights into the broader economic landscape and consumer behavior. A slight decline in retail sales could indicate a moderation in consumer spending habits. Factors such as shifting consumer confidence, changes in personal finances, or seasonal variations could influence spending patterns.

### October 2023 Advance Retail Sales

Kind of Business	% Change from September 2023	% Change from October 2022
Retail & food services, total	-0.1	2.5
Total (excluding motor vehicle & parts)	0.1	2.3
Total (excluding gasoline stations)	-0.1	3.5
Total (excluding motor vehicle & parts & gasoline stations)	0.1	3.5
Retail	-0.2	1.6
Motor vehicle & parts dealers	-1.0	3.3
Auto & other motor veh. dealers	-1.1	2.9
Furniture & home furniture stores	-2.0	-11.8
Electronics & appliance stores	0.6	0.9
Building material & garden equipment and supply dealers	-0.3	-5.6
Food & beverage stores	0.6	1.0
Grocery stores	0.7	0.9
Health & personal care stores	1.1	9.6
Gasoline stations	-0.3	-7.5
Clothing & clothing accessories stores	0.0	0.8
Sporting goods, hobby, musical instrument, & book stores	-0.8	-3.8
General merchandise stores	-0.2	1.9
Department stores	-1.2	-4.1
Miscellaneous store retailers	-1.7	1.2
Nonstore retailers	0.2	7.6
Food services & drinking places	0.3	8.6

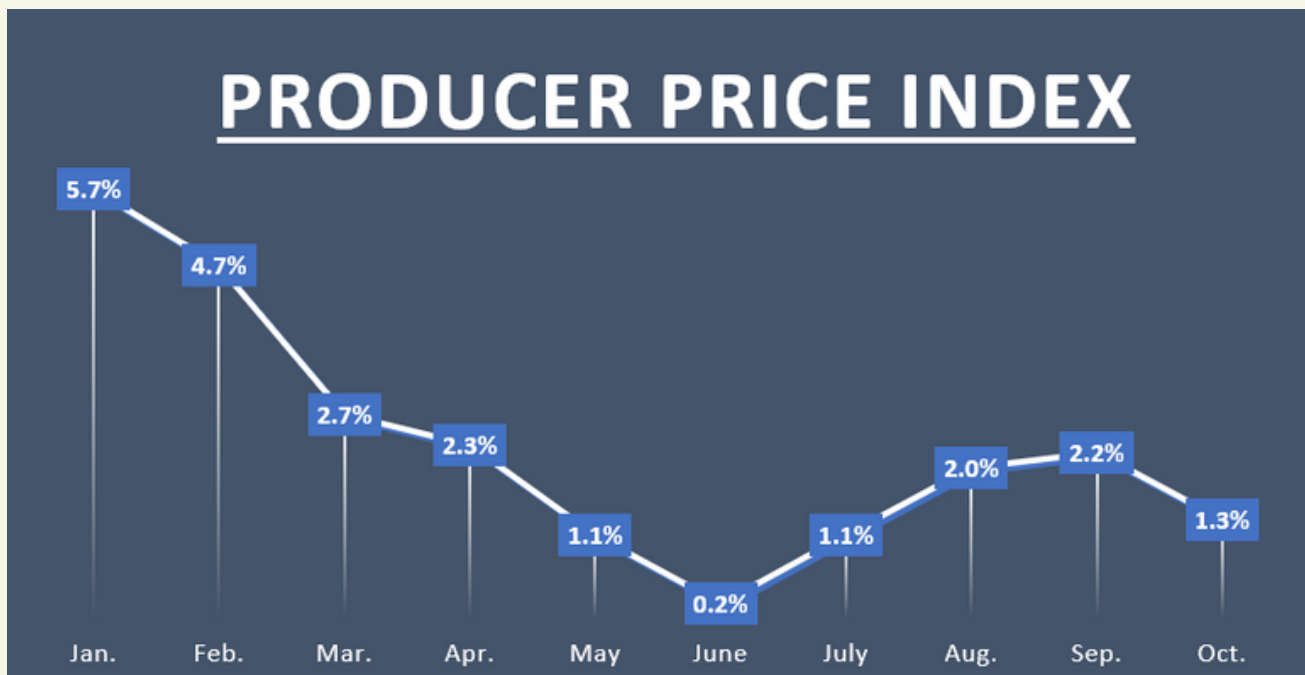


## October Producer Price Index

The Producer Price Index (PPI), unlike the Consumer Price Index (CPI), tracks changes in the prices received by producers for their goods and services. In a noteworthy turn, the PPI recorded its first decline since May, dropping by 0.5% in October. What's particularly striking is that this decline represents the fastest rate of decrease seen all year, signaling potential progress in reigning in inflationary pressures.

The recent slide in prices received by producers can be chiefly attributed to the energy sector, which witnessed a substantial drop of over 6%. It's evident that the decline in energy costs has significantly influenced the overall reduction in prices. Interestingly, if we exclude energy (and also food) from the equation, the PPI indicates a modest rise of 0.1%.

This data suggests a potentially positive sign in the battle against inflation. A decline in the prices that producers receive often trickles down to consumers, resulting in possible cost reductions for various goods and services. This could offer relief to household budgets, especially in energy-related expenses, such as fuel and utility bills.



## THURSDAY

Stocks closed with a mixed performance as disappointing earnings reports emerged from retail giant Walmart and tech leader Cisco, coinciding with a drop in Treasury yields from Wednesday's sharp surge.

Both key Dow components, Cisco Systems (CSCO) and Walmart (WMT), faced stock losses due to their disappointing quarterly earnings releases. Walmart, a global retail powerhouse, experienced an 8% stock decline, marking its most significant drop this year following the earnings report.

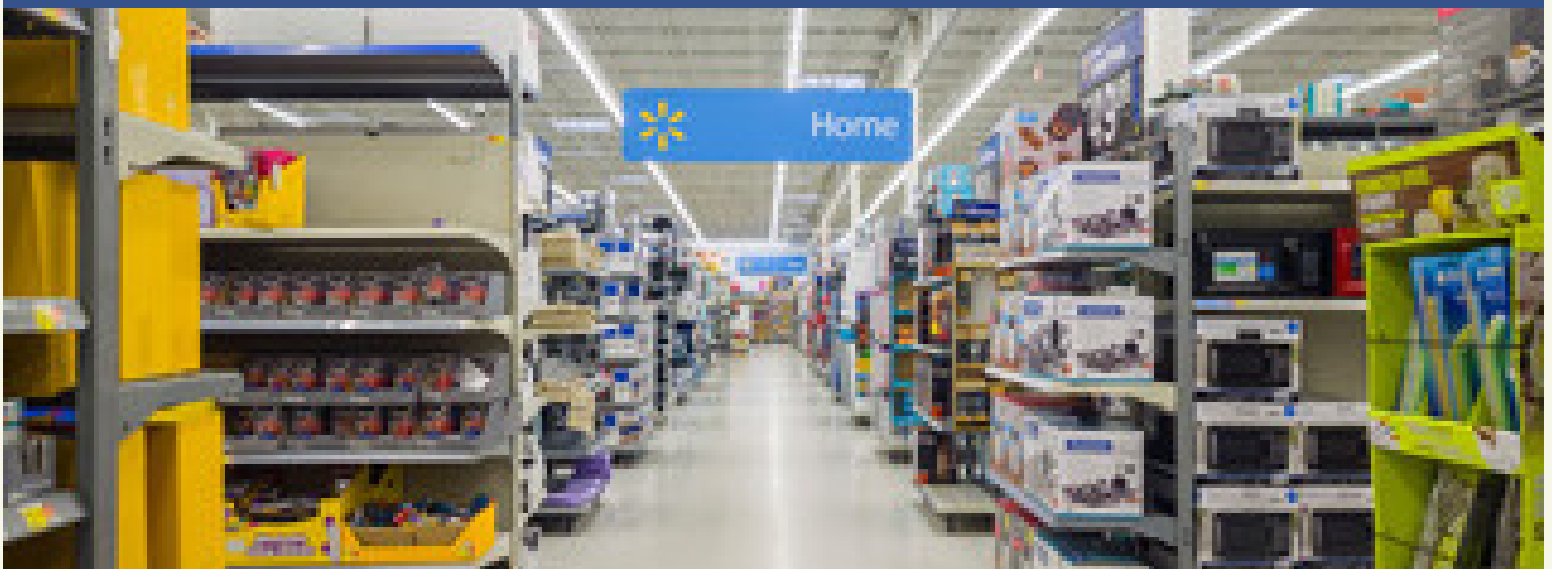
Despite showcasing relatively decent growth, Walmart's profitability stumbled in comparison to the previous quarter, whereas its rival, Target, notably improved its profitability, leading to selloffs in Walmart's stock. While Walmart's affordable business model has capitalized on robust consumer demand, investors are concerned that Walmart's sales growth might be plateauing, especially when compared to competitors like Target.

### Major Stock Indices Performance Today...

S&P 500: 0.12%

Dow Jones: -0.13%

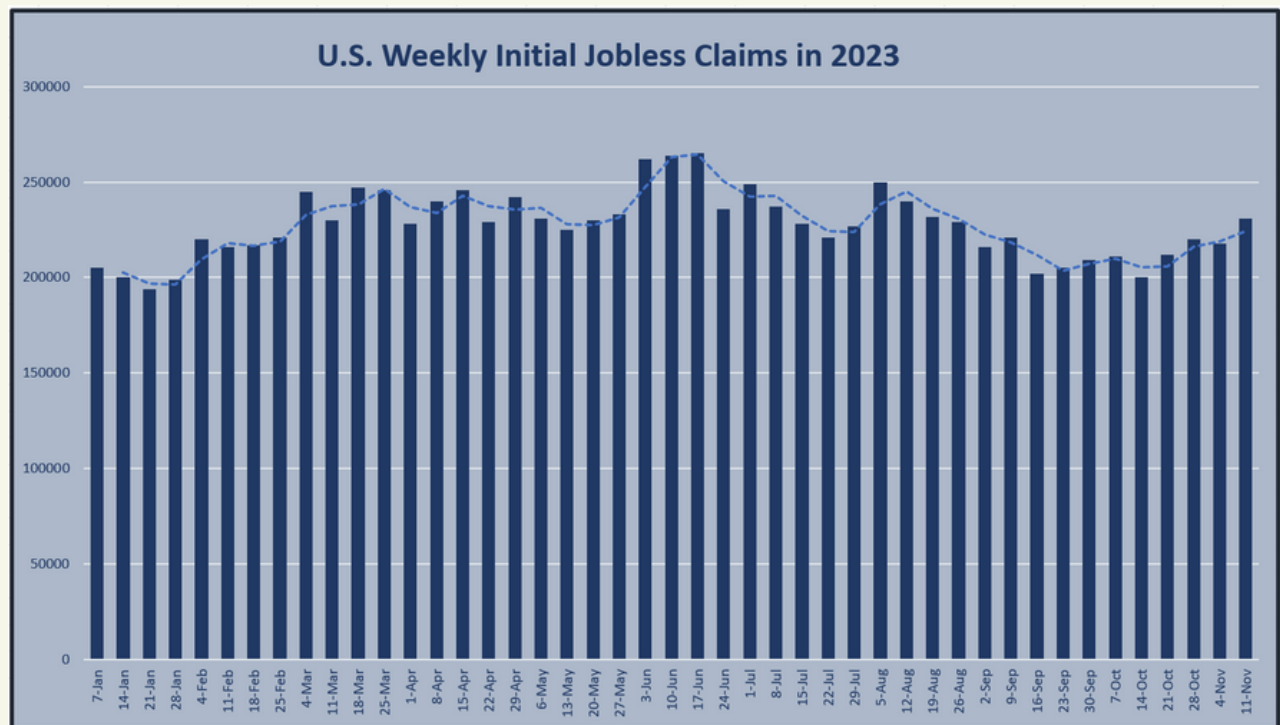
NASDAQ: 0.07%



## U.S. Initial Jobless Claims for Week ending November 11th

The most recent initial jobless claims report indicates that 231,000 individuals recently filed for unemployment benefits. This marks an increase of almost 6% compared to the revised figure of 218,000 from the previous week. This uptick suggests a notable rise in individuals who have either lost their jobs or are encountering greater challenges in securing new employment opportunities. Over the last few months, initial jobless claims remained notably low, but this trend saw a shift with the latest figures surpassing the year's average of approximately 227,000. Additionally, these figures offer insight into the labor market and potential shifts in employment conditions. An increase in jobless claims may signal a bump in layoffs or difficulty in finding work, impacting individuals who may be seeking employment or those concerned about job security.

While it is important to understand that initial jobless claims are only one facet of the broader labor market, if you are worried about job opportunities or job security, there are ways to make yourself stand out compared to other people. Enhancing your skillset through additional learning training programs, networking within your company and profession, and taking on leadership roles are all great ways you can bolster your resume and make yourself a more attractive candidate/employee. Remember, maintaining a positive outlook, staying adaptable, and being proactive in your job search can significantly improve your chances in a more competitive job market.



## FRIDAY

Markets showed minimal movement this Friday as the week wrapped up with the release of key economic data. Investors and analysts continue to assess the probabilities of future rate adjustments by the Federal Reserve, while eagerly anticipating forthcoming data releases that could steer their next moves.

Additionally, attention is squarely fixed on the horizon, with several major companies scheduled to unveil their earnings in the coming weeks. Among the notable players in the spotlight are industry giants like NVIDIA, Dell, HP, Zoom, and more. Investors are keenly observing these upcoming earnings reports, recognizing their potential impact on market dynamics and investor sentiment in the days ahead.

### Major Stock Indices Performance Today...

S&P 500: 0.13%

Dow Jones: 0.00%

NASDAQ: 0.08%



# MAJOR STOCK INDEX PERFORMANCE

	S&P 500	Dow Jones Industrial Average	Nasdaq Composite
Percent Change (Monday)	-0.08%	0.16%	-0.22%
Percent Change (Tuesday)	1.91%	1.43%	2.37%
Percent Change (Wednesday)	0.16%	0.47%	0.07%
Percent Change (Thursday)	0.12%	-0.13%	0.07%
Percent Change (Friday)	0.13%	0.00%	0.08%
Weekly Change	2.24%	1.94%	2.37%

# 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	5.55	5.55	5.49	5.48	5.37	5.02	4.8	4.66	4.69	4.63	4.95	4.75
Tuesday	5.52	5.55	5.52	5.45	5.41	5.24	4.8	4.56	4.42	4.45	4.44	4.8	4.61
Wednesday	5.52	5.54	5.53	5.46	5.41	5.27	4.9	4.68	4.52	4.56	4.53	4.87	4.68
Thursday	5.53	5.55	5.51	5.46	5.38	5.23	4.83	4.59	4.43	4.47	4.45	4.82	4.63
Friday	5.52	5.54	5.5	5.42	5.39	5.24	4.88	4.64	4.45	4.47	4.44	4.8	4.59

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

## **October Survey of Consumer Expectations**

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

## **October Consumer Price Index (CPI)**

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

## **October Advance Retail Sales**

[https://www.census.gov/retail/marts/www/marts\\_current.pdf](https://www.census.gov/retail/marts/www/marts_current.pdf)

## **October Producer Price Index (PPI)**

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

## **Initial Jobless Claims for Week ending November**

**11th**

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

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