

MONDAY

Markets remained largely stagnant compared to last week, with investors eagerly awaiting updates from the upcoming Federal Open Market Committee (FOMC) meeting scheduled for Tuesday and Wednesday. During this meeting, Federal Reserve (Fed) officials will deliberate whether to raise, lower, or maintain current interest rates. As of Monday, the prevailing consensus among analysts and investors suggests that interest rates will remain unchanged following the meeting.

Given the strong consensus on interest rates, attention is shifting towards Federal Reserve Chair Jerome Powell and his insights on the state of the American economy. Investors are keenly interested in Powell's perspective on potential future directions the Fed may take regarding interest rates. His comments during the meeting are expected to provide valuable insights and potentially influence market sentiment and future investment decisions.

Major Stock Indices Performance Today...

S&P 500: 0.07%

Dow Jones: 0.02%

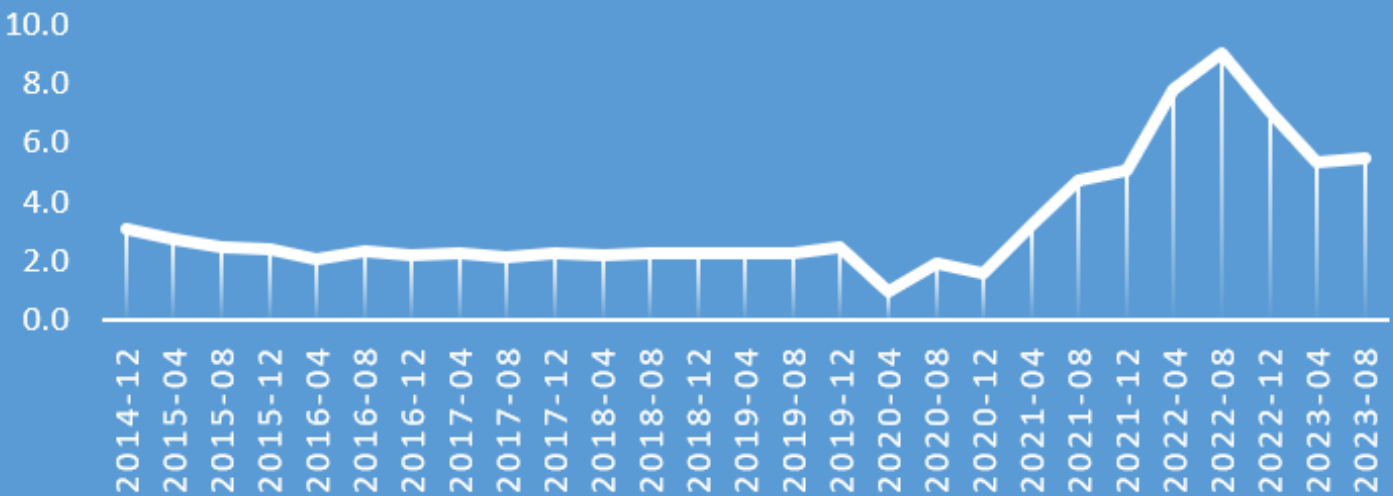
NASDAQ: 0.01%



SCE Household Spending Survey (May-August)

Conducted every four months, this survey provides insights into the perspectives of American households regarding their current and anticipated financial situations. In the most recent 4-month period (May-August), consumer spending by surveyed households increased, suggesting an improved financial position for these households over the past few months. Household spending during this period rose by 5.5% compared to the same period a year ago, underscoring a consistent growth trend in consumer spending. Moreover, this year-over-year increase of 5.5% slightly exceeded the growth rate of the previous 4-month period, which was 5.4%.

YEAR-OVER-YEAR CHANGE IN CONSUMER SPENDING (IN PERCENTAGE)



SCE Household Spending Survey (May-August)

While it was anticipated that interest rate hikes might significantly curtail consumer spending, especially for large purchases, an impressive 63.5% of the surveyed American households reported making at least one large purchase within the last 4 months. This indicates that despite soaring prices and interest rates, a significant number of Americans are still making significant financial commitments. In fact, this 4-month period marked the largest percentage of households who made at least one major purchase since 2015.

Included in these large purchases are electronics, houses/apartments, furniture, vacations, home appliances, vehicles, and home repairs. Out of the percentage of people purchasing at least one of these items in the most recent 4-month period, purchases in houses/apartments and vacations reveal very interesting data. Despite a largely held assumption that residential demand was going to fall during this period as a result of high interest rates, households have not been stopped from making purchases in homes. Around 3.8% of surveyed households reported making a home purchase in the last 4 months, which is way over the percent average of 2.5%. Additionally, the highest percentage of people ever recorded in this survey (started in 2015) went on a trip or vacation. That percentage was 32.8%, compared to only 23.3% in the previous 4-month period and 23.2% in the historical average of this survey.



TUESDAY

As investors braced for the Federal Reserve's interest rate decision on Wednesday, stocks fell moderately. While investors and analysts already expected the Federal Reserve to keep interest rates where they currently are, 5.25%-5.50%, they were worried about what the Federal Reserve plans to do with interest rates in future meetings. Some of the biggest worries include the possibility of another rate hike this year or an extended period of high interest rates.

Major Stock Indices Performance Today...

S&P 500: -0.22%

Dow Jones:-0.31%

NASDAQ: -0.23%



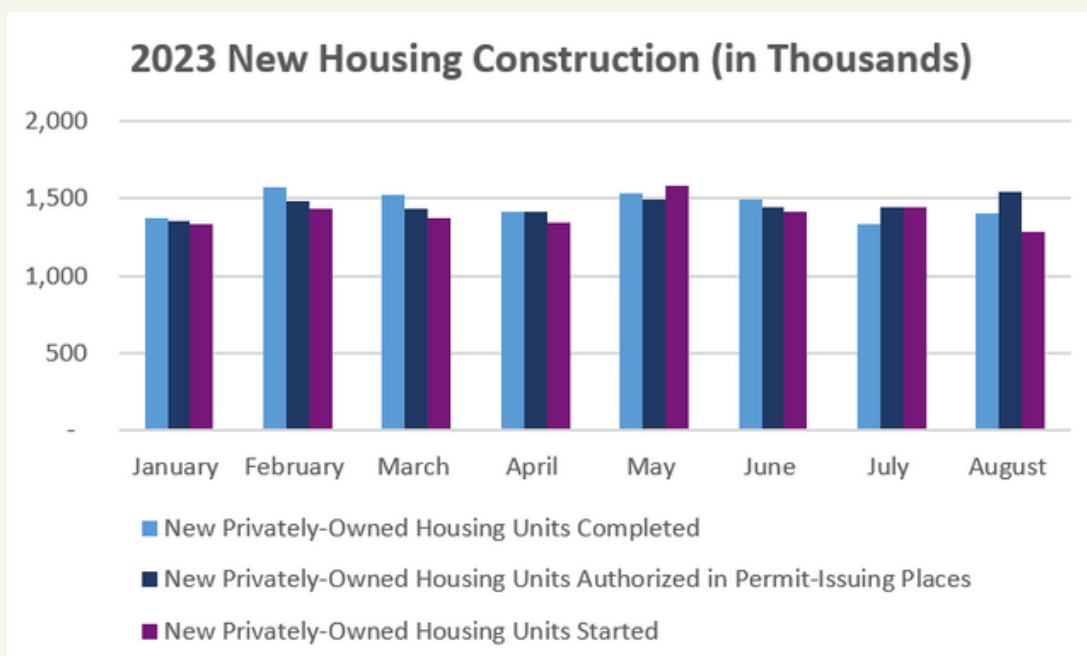
New Residential Construction (August)

A shortage in the housing supply has exerted significant pressure on home prices. Analyzing seasonally adjusted data on new residential construction can shed light on whether this supply scarcity will persist or reverse.

Housing units authorized under building permits serve as forward-looking indicators of housing supply, representing the approved residential units slated for construction. August saw the highest number of housing units authorized under building permits this year, signaling a substantial increase in housing units poised to enter the market. During this month, a noteworthy 1.54 million housing units received authorization under building permits, a remarkable improvement compared to previous months this year. To put this into perspective, the monthly average for authorized housing units this year stands at 1.42 million, marking an 8% increase this August.

Despite the positive upturn caused by a surge in authorized residential units, the number of housing units where construction actually commenced in August was considerably lower. This is likely to contribute to a lower new housing supply in the near future. In August, housing starts amounted to 1.28 million, a notable decline compared to this year's monthly average of 1.4 million housing units that began construction.

Shifting focus from the forward-looking indicators, we observe a rise in the number of newly completed housing units, reaching 1.41 million in August, marking a 5% increase from July. This uptick in completed housing units is a positive development; however, it remains slightly below the year's monthly average of 1.46 million completed units. Thus, there's still a need for sustained efforts to bolster new housing supply and alleviate the ongoing pressure on prices.



WEDNESDAY

While the Federal Reserve's choice to maintain interest rates at their present level during its latest meeting didn't catch investors off guard, it has now exposed the possibility of a further rate hike later this year. Given that interest rates serve as a mechanism to slow the economy and curtail investment/spending, investors are apprehensive about the potential repercussions that might arise from elevated interest rates. What's good about the possibility of a sustained period of high interest rates is that inflation will most likely come down and prices will generally become more affordable. Unfortunately, however, reduced corporate profits brought about by lower prices will also most likely lead to more layoffs and fewer job opportunities.

Major Stock Indices Performance Today...

S&P 500: -0.94%

Dow Jones: -0.22%

NASDAQ: -1.53%



Jerome Powell's Post FOMC Press Conference Summarized

The Federal Reserve's main objective is still to bring inflation back down to 2% while minimizing financial strain on Americans, aiming for a soft landing. Interest rates will remain unchanged at this meeting, but assets held by the Federal Reserve, such as bonds, will continue to be sold off. This selling of assets from the Fed's balance sheet will reduce the amount of money circulating within the economy.

Committee participants are anticipating a GDP growth of 2.1% for this year and 1.5% for the next year. Slower economic growth is expected in the coming quarters.

Currently, the labor market remains tight. Although unemployment recently saw an increase recently, it still remains considerably low, indicating a strong labor market fueled by a high demand for labor and a relatively low supply of available workers.

Expectations are that unemployment will rise from 3.8% at the end of this year to 4.1% over the next two years, which should help to slow inflation. Powell mentioned that bringing inflation down to 2% still has "a long way to go," possibly hinting that contractionary policies, like maintaining high interest rates, will be in effect for an extended period.

A majority of FOMC meeting participants expect at least one more rate increase this year. Powell emphasized that the Federal Reserve will continue to be data-driven. Future rate hikes will largely depend on various economic indicators: inflation, unemployment, GDP growth, etc.



THURSDAY

Bond yields soared on Thursday as investors priced in higher interest rates for a longer period of time. As of Thursday, the 10-year Treasury yield was 4.49%, indicating that treasury yields rose to the same level as treasury yields preceding the 2008 Great Recession. While confidence in the U.S. economy has been strong, a more hawkish and higher interest rate-ready Federal Reserve has sparked fear in the eyes of investors.

Major Stock Indices Performance Today...

S&P 500: -1.64%

Dow Jones: -1.08%

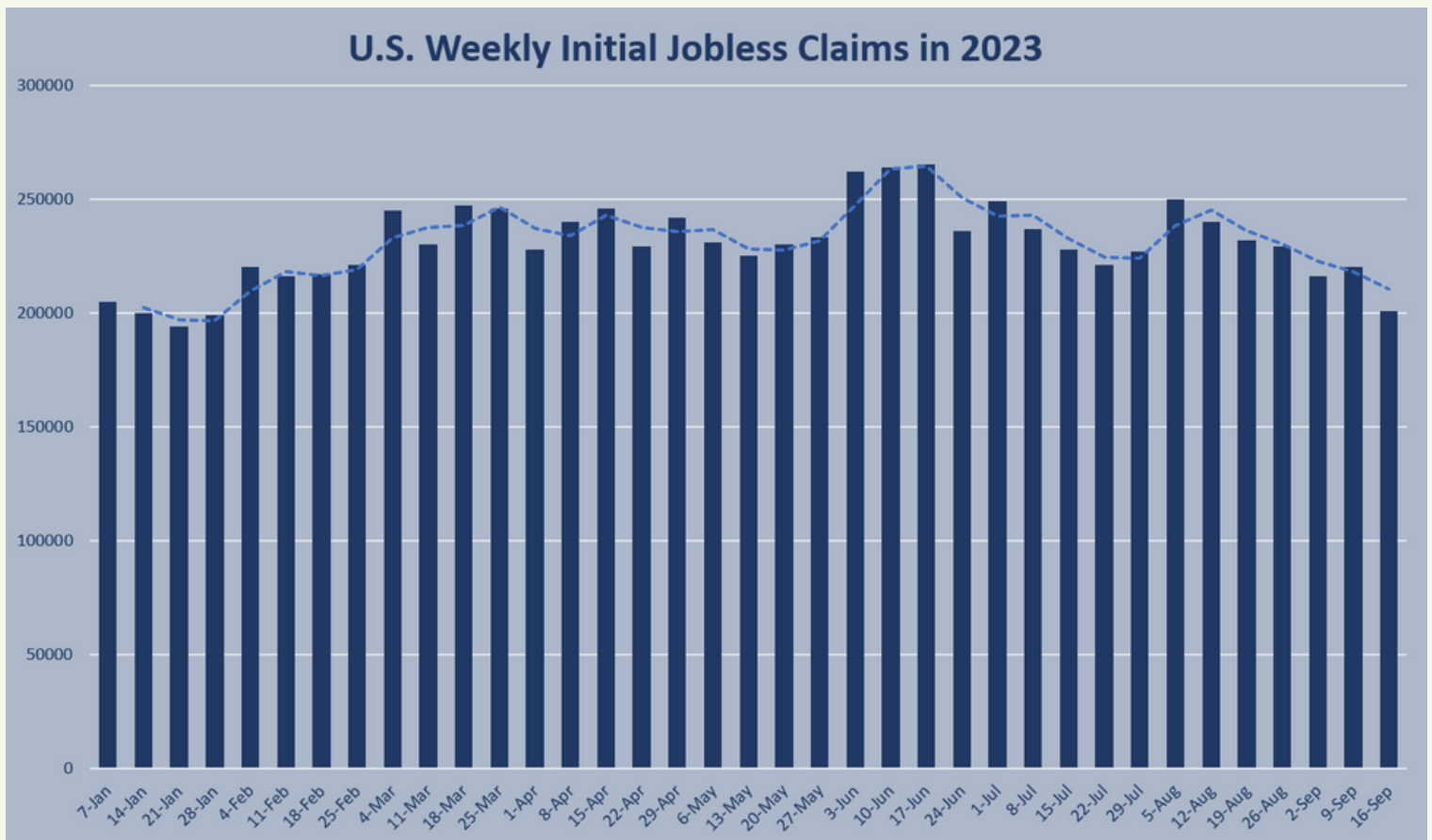
NASDAQ: -1.82%



U.S. Initial Jobless Claims (Week ending September 16)

Weekly initial jobless claims, which represent the number of people filing for unemployment benefits in a given week-long period, fell to their lowest level since January. Despite recent growth in the nation’s unemployment rate, weekly initial jobless claims fell 20,000 compared to the previous week to 201,000.

This steep decline in jobless claims indicates that the U.S. labor market may be regaining strength as a strong demand for workers remains persistent.



FRIDAY

As the markets wrapped up one of their most challenging weeks this year, stocks concluded the day with modest losses. Fear and uncertainty have escalated dramatically within America's economy and financial markets over the past week. The VIX, an index gauging predicted volatility in the stock market and overall investor uncertainty, surged by nearly 18% during the week, underscoring a growing apprehension about market fluctuations in the near future.

Major Stock Indices Performance Today...

S&P 500: -0.23%

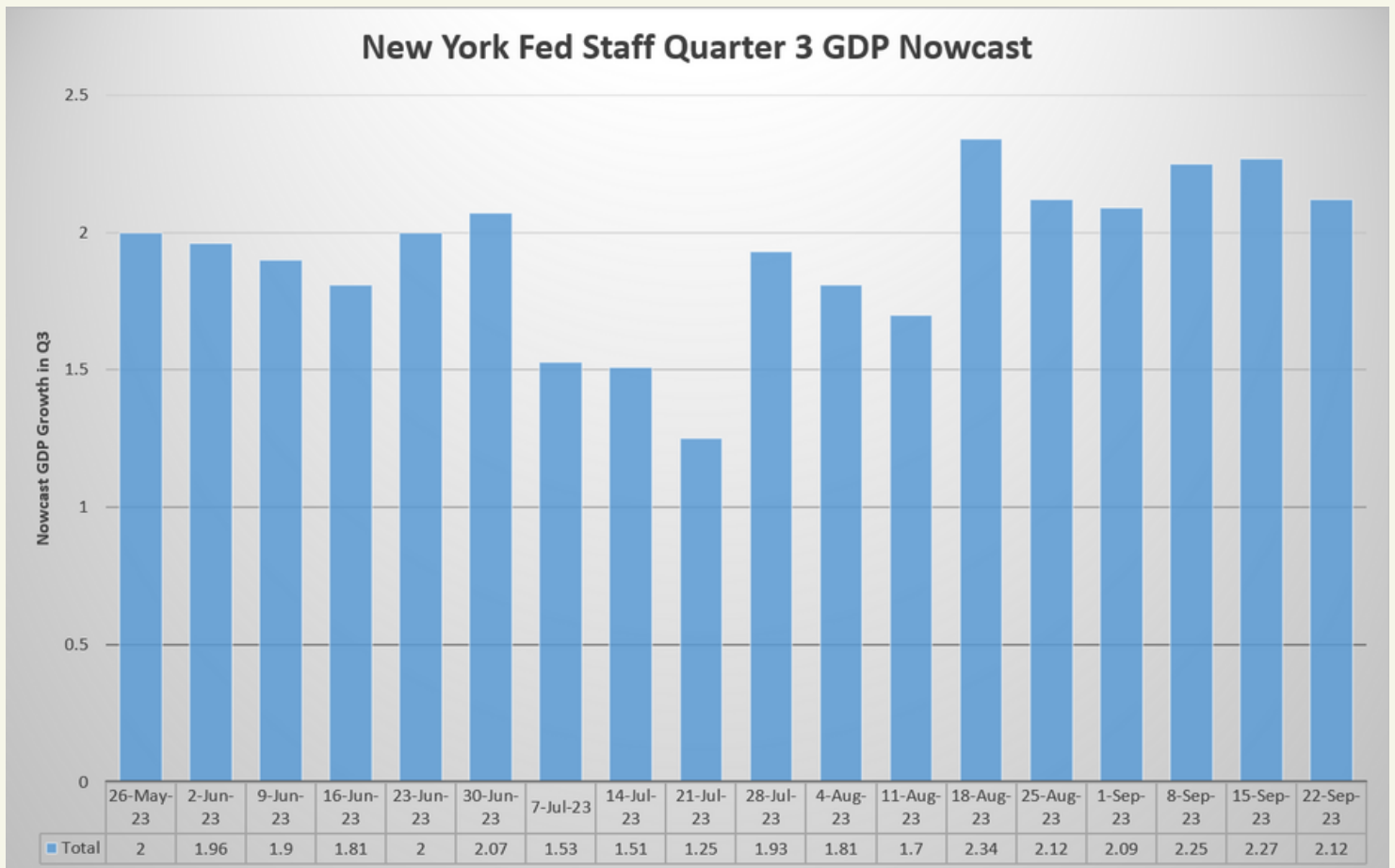
Dow Jones: -0.31%

NASDAQ: -0.09%



New York Fed Staff Nowcast

Staff at the New York Fed have revised down GDP projections for this quarter, largely influenced by discouraging data from the Philadelphia Fed Manufacturing Survey and housing starts data in the New Residential Construction overview. According to the Philadelphia Fed report, manufacturing business activity in Delaware, southern New Jersey, and eastern/central Pennsylvania has sharply declined, leading to slowdowns in general business activity, new orders, shipments, and employment. Additionally, the relatively low number of homes with construction started suggests potential supply pressures in the housing market. Coupled with slower manufacturing business activity and demand in the Philadelphia Fed region, this has led to a GDP estimate of 2.12%.



MAJOR STOCK INDEX PERFORMANCE

	S&P 500	Dow Jones Industrial Average	Nasdaq Composite
Percent Change (Monday)	0.07%	0.02%	0.01%
Percent Change (Tuesday)	-0.22%	-0.31%	-0.23%
Percent Change (Wednesday)	-0.94%	-0.22%	-1.53%
Percent Change (Thursday)	-1.64%	-1.08%	-1.82%
Percent Change (Friday)	-0.23%	-0.31%	-0.09%
Weekly Change	-2.93%	-1.89%	-3.62%

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	5.56	5.55	5.60	5.51	5.44	5.05	4.74	4.46	4.41	4.32	4.57	4.40
Tuesday	5.53	5.56	5.54	5.59	5.51	5.45	5.08	4.79	4.51	4.47	4.37	4.60	4.43
Wednesday	5.53	5.57	5.56	5.61	5.51	5.47	5.12	4.82	4.52	4.46	4.35	4.57	4.40
Thursday	5.52	5.57	5.57	5.61	5.52	5.46	5.12	4.85	4.61	4.57	4.49	4.74	4.56
Friday	5.52	5.58	5.56	5.61	5.52	5.46	5.10	4.80	4.57	4.53	4.44	4.70	4.53

LINKS TO ECONOMIC/FINANCIAL DATA FROM THIS WEEK

SCE Household Spending Survey (May-August)

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

New Residential Construction (August)

<https://www.census.gov/construction/nrc/current/index.html>

Jerome Powell's Post FOMC Press Conference

Summarized

<https://www.youtube.com/watch?v=wjgB9PjQt6Q>

U.S. Initial Jobless Claims (Week ending September 16)

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

New York Fed Staff Nowcast

<https://www.newyorkfed.org/research/policy/nowcast#/nowcast>



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.