

## MONDAY

Following a challenging week, markets closed on a high note, propelled by the technology-heavy Nasdaq. Moreover, there was a notable uptick in longer-term bond yields this Monday. The 10-year Treasury yield rose to 4.55%, the 20-year to 4.84%, and the 30-year to 4.67%. These increased yields are a direct result of the Federal Reserve's decision to maintain interest rates at their current level and hint at the possibility of more rate hikes this year.

### Major Stock Indices Performance Today...

S&P 500: 0.40%

Dow Jones: 0.13%

NASDAQ: 0.45%



## Texas Manufacturing Survey (September)

This report provides an overview of survey results from Texas business executives in the manufacturing sector, shedding light on recent manufacturing activity and future outlooks. Texas, the second-largest state for manufacturing, has witnessed significant improvements in business activity since August. Notably, overall production, new orders, and shipments have shown improvement, signaling that manufacturing firms in Texas are benefiting from increased demand.

Furthermore, employment within the industry has improved, indicating a sustained high demand for labor. While the percentage of business executives reporting increases in wages and benefits remains notably above historical averages, there is a slight decrease in the number of companies reporting such increases in September.

However, it's worth noting that overall inflation across the United States has started to rise, which appears to be impacting the Texas manufacturing sector. Approximately 32% of business executives reported increases in the prices they paid for raw materials, compared to about 61% who reported no change, and only 7% who reported a decrease. Despite the increased costs incurred by Texas manufacturing companies, the prices they charged for their finished goods remained unchanged compared to August. This situation suggests that profit margins may be narrowing for these businesses.

Unfortunately, despite the positive indicators such as increased production, new orders, and employment, business executives' perceptions of general business conditions have experienced little change. Views on general business activity, in particular, have slightly worsened and continue to remain below historical averages.

Business Performance Indicators	% of Survey Respondents Reporting Increase	% of Survey Respondents Reporting No Change	% of Survey Respondents Reporting Decrease
<i>Company Outlook</i>	9.8	62.9	27.3
<i>General Business Activity</i>	11.7	58.5	29.8
<i>Production</i>	26.8	54.3	18.9
<i>New Orders</i>	24.3	46.1	29.5
<i>Shipments</i>	23.3	52.3	24.4
<i>Prices Paid for Raw Materials</i>	32.2	60.6	7.2
<i>Prices Received for Finished Goods</i>	13.1	75.6	11.3
<i>Wages and Benefits</i>	38.2	58.4	3.4
<i>Employment</i>	23	67.6	9.4

## TUESDAY

Following a significant decline in consumer confidence, financial markets experienced a notable drop. Moreover, consumers' expectations regarding economic conditions have fallen below the historical threshold indicating an impending recession within the next year. This suggests that consumers anticipate an overall slowdown in economic conditions over the upcoming year.

In addition, the U.S. Dollar Index reached its peak for the year, signaling a robust dollar. That said, if you reside outside the U.S. or are contemplating traveling abroad, this rise in the dollar index is likely to increase your purchasing power in many foreign nations.

Additionally, a stronger dollar is likely to stimulate the purchase of foreign products as a stronger dollar generally leads to more affordable imports. However, it also tends to raise the cost of U.S. exports for foreign buyers. Consequently, a stronger dollar could potentially result in reduced export activity.

### Major Stock Indices Performance Today...

S&P 500: -1.47%

Dow Jones: -1.14%

NASDAQ: -1.57%



## New Residential Sales (August)

According to the U.S. Census Bureau and U.S. Department of Housing and Urban Development, the average sale price of new single-family homes is \$514,000. If you're wondering why the average sales price of new home sales is over half a million dollars, it's because the demand for housing has remained remarkably high compared to the supply of housing, leading to a sustained period of high prices.

In the month of August, there were 675,000 new single-family homes sold, a figure that surprised analysts who had anticipated a number closer to 638,000. Notably, this August figure represents a nearly 9% decrease compared to the 739,000 new single-family homes sold in July. What's good about this substantial decrease in new single-family homes sold is the potential for a moderation in the prices of new single-family homes, potentially making them more affordable for prospective buyers.

### 2023 NEW PRIVATELY-OWNED HOUSES SOLD (IN THOUSANDS)





## WEDNESDAY

Markets closed the day with mixed results: the U.S. dollar strengthened, treasury yields experienced an uptick, and oil prices surged to surpass \$94 per barrel. Presently, markets are very active, and persistent volatility shows no signs of slowing in the near future.

### Major Stock Indices Performance Today...

S&P 500: 0.02%

Dow Jones: -0.20%

NASDAQ: 0.22%

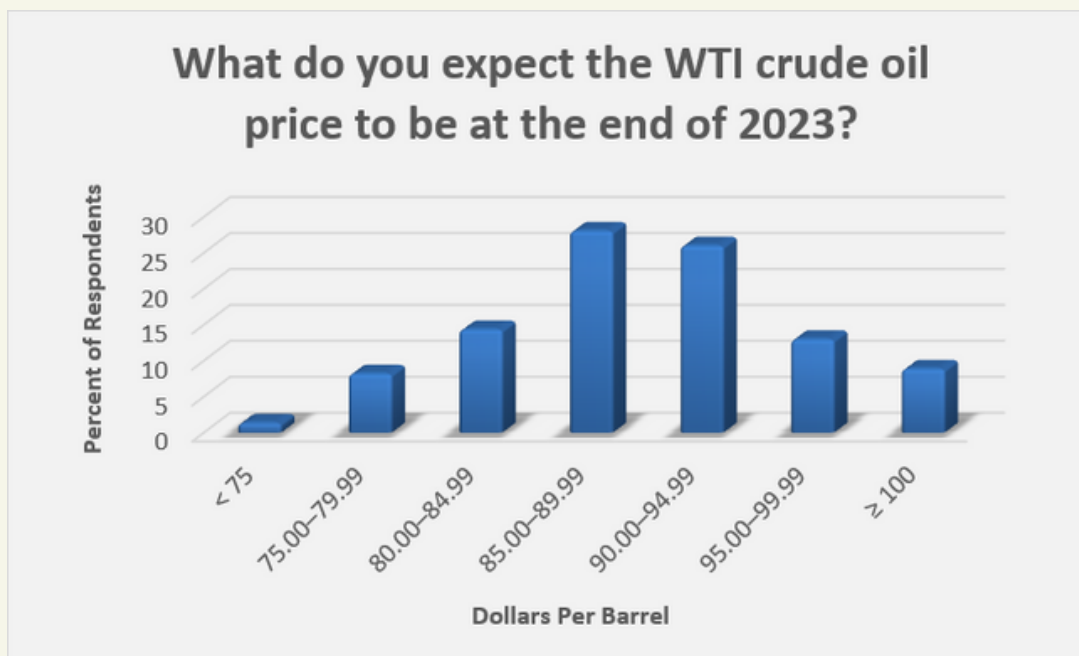


## Dallas Fed Energy Survey (Quarter 3)

Conducted on a quarterly basis, this survey captures the sentiments of diverse oil and gas executives regarding current business activities. On the whole, business activity has shown improvement compared to the previous quarter, with almost 30% of executives reporting an increase, 51% indicating no change, and 19% noting a decrease. Much of this improvement in business activity, however, was influenced mostly by the exploration and production side of the oil and gas industry.

One pressing concern for many is the trajectory of gas and oil prices in the present and near future. Presently, the price of oil stands at \$90.29 per barrel, reflecting a substantial increase of approximately 29% compared to a few months ago. However, industry executives anticipate a slight decline in oil prices by the year's end, projecting a figure of \$87.91 per barrel.

In terms of natural gas prices, the current rate is \$2.68 per million British thermal units (MMBtu), marking an increase of about 32% from the previous quarter. Executives foresee a continued upward trend in gas prices, with the average forecasted price at the end of the year being \$3.14. Consequently, users of natural gas should brace for the likelihood of higher prices in the coming months. Preparing for this could encompass various measures, such as allocating more of your budget towards natural gas-related expenses, reducing natural gas usage for cooking, or possibly minimizing home heating and stocking up on hot chocolate and blankets as the year grows colder.





## THURSDAY

Markets on Thursday gained traction off of optimism stemming from the cooling of recent rises in U.S. Treasury yields, the dollar, and oil prices. In such a volatile and speculative market environment, investors have clung onto just about anything they can find as good news. While oil prices, for instance, did come down slightly today, they remain extremely high, and the average American very clearly understands that.

### Major Stock Indices Performance Today...

S&P 500: 0.59%

Dow Jones: 0.34%

NASDAQ: 0.83%

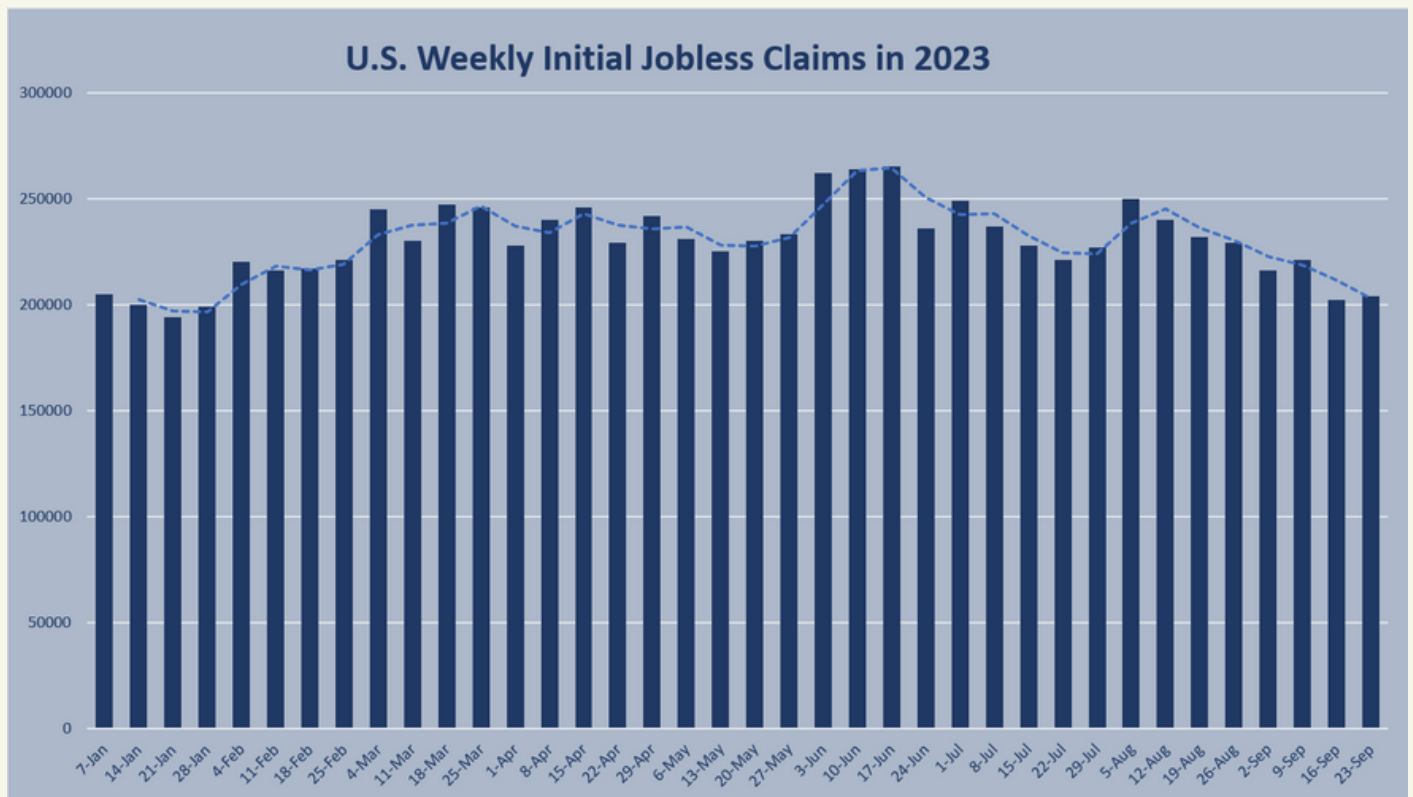


## U.S. Initial Jobless Claims (Week ending September 23)

Initial jobless claims, representing the number of people filing for unemployment benefits, increased slightly compared to the previous week from 202,000 to 204,000. Despite this week's uptick, the number of jobless claims remains notably lower than the yearly average of approximately 230,000 per week. Consistently lower figures in initial jobless claims indicate the enduring resilience of demand within the U.S. labor market.

Moreover, while not directly tied to initial jobless claims, it's crucial for individuals in the workforce to remain vigilant about developments in employment data. Understanding employment data can provide valuable insights into periods of robust job security as well as times when it may be more fragile.

Recent data underscores a highly secure job market due to a substantial demand for employees. However, the Federal Reserve anticipates an increase in unemployment over the coming year, suggesting a potential shift towards weakened job security. Although it's not certain that job security will decline and is contingent on numerous factors like your job's industry and location, building an emergency fund equivalent to at least six months of expenses can help mitigate the risks associated with potential layoffs. Stay informed and proactively manage your financial preparedness to navigate uncertainties in the labor market effectively.





## FRIDAY

Markets concluded the week on a mixed note, influenced by the release of the PCE Inflation report and concerns regarding a potential government shutdown. Confidence in the American government is eroding, given the growing challenge for members of Congress to collaborate and make timely decisions. Moreover, though the PCE inflation results weren't exceptional, core PCE results do hint at a trend toward slowing inflation.

### Major Stock Indices Performance Today...

S&P 500: -0.27%

Dow Jones: -0.47%

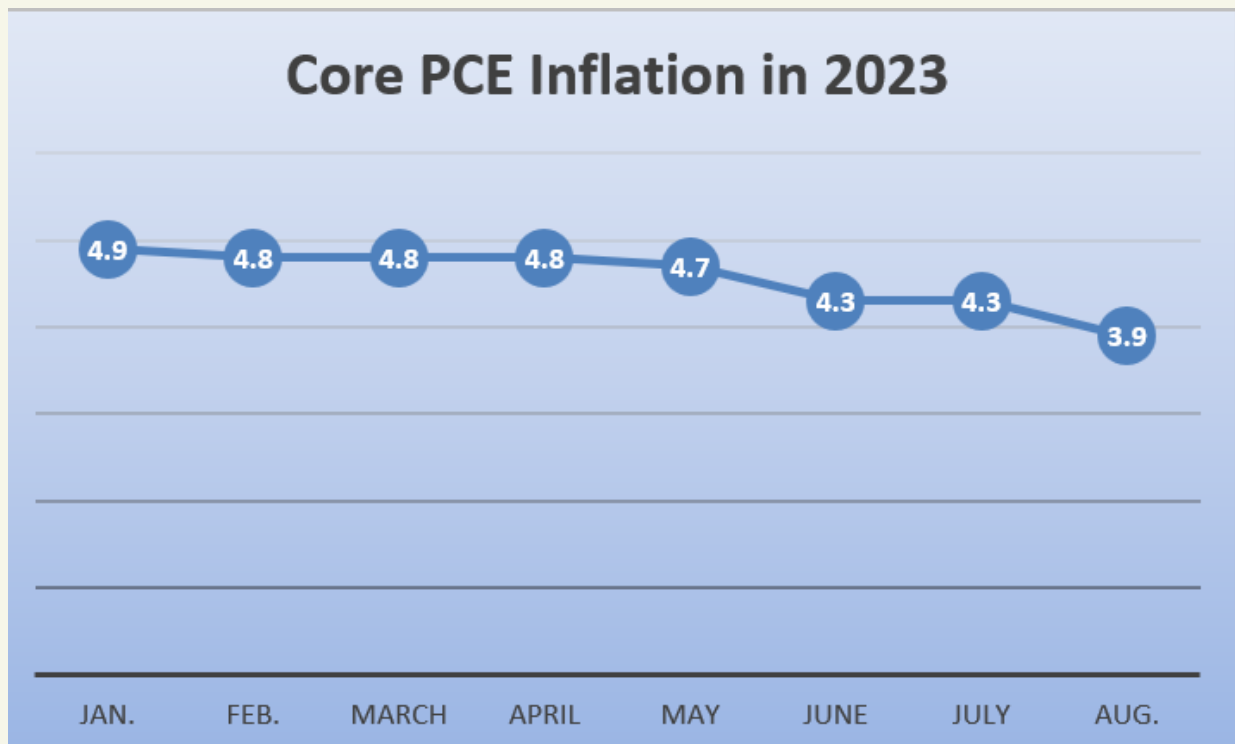
NASDAQ: 0.14%



## PCE Inflation (August)

PCE inflation, a metric that tracks the price fluctuations of various consumer expenses, increased by 0.4% in August compared to July. This overall uptick in PCE inflation can be primarily attributed to a recent surge in energy prices, which has exerted notable upward pressure on prices throughout the United States.

While energy prices play a sizeable role in daily expenses for most Americans, it's important to recognize that energy prices, along with food, often exhibit significant short-term fluctuations, which can occasionally obscure the broader picture of inflation across a wide range of goods and services. Consequently, the Federal Reserve places its emphasis on Core PCE inflation, a measure that excludes food and energy prices, when formulating interest rate policies. In August, Core PCE inflation did experience a rise, but it was a modest 0.1%, representing the slowest increase observed in over two years. Moreover, when compared to the same period last year, Core PCE inflation increased by just 3.9%, marking a 0.4% decrease from July's year-over-year increase of 4.3%. While it is evident that inflation has yet to return to its target of 2%, significant progress has been made in slowing inflation.



# MAJOR STOCK INDEX PERFORMANCE

	S&P 500	Dow Jones Industrial Average	Nasdaq Composite
Percent Change (Monday)	0.40%	0.13%	0.45%
Percent Change (Tuesday)	-1.47%	-1.14%	-1.57%
Percent Change (Wednesday)	0.02%	-0.20%	0.22%
Percent Change (Thursday)	0.59%	0.34%	0.83%
Percent Change (Friday)	-0.27%	-0.47%	0.14%
Weekly Change	-0.74%	-1.34%	0.06%



# 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	5.54	5.58	5.58	5.60	5.52	5.45	5.09	4.83	4.62	4.61	4.55	4.84	4.67
Tuesday	5.54	5.58	5.58	5.61	5.53	5.45	5.04	4.84	4.62	4.62	4.56	4.86	4.70
Wednesday	5.54	5.59	5.58	5.62	5.53	5.49	5.10	4.89	4.67	4.69	4.61	4.91	4.73
Thursday	5.56	5.61	5.56	5.61	5.53	5.46	5.04	4.83	4.62	4.63	4.59	4.90	4.71
Friday	5.55	5.60	5.55	5.61	5.53	5.46	5.03	4.80	4.60	4.61	4.59	4.92	4.73

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

## **Texas Manufacturing Activity (September)**

<https://www.dallasfed.org/research/surveys/tmos>

## **New Residential Sales (August)**

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

## **Dallas Fed Energy Survey (Quarter 3)**

<https://www.dallasfed.org/research/surveys/des/2023/2303>

[3/2303](https://www.dallasfed.org/research/surveys/des/2023/2303)

## **U.S. Initial Jobless Claims (Week ending September 23)**

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

## **PCE Inflation (August)**

<https://www.bea.gov/news/2023/personal-income-and-outlays-august-2023>



# WEEKLY MARKET UPDATE

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