

Weekly Economic Update for 2/5/2024

THE WEEK ON WALL STREET

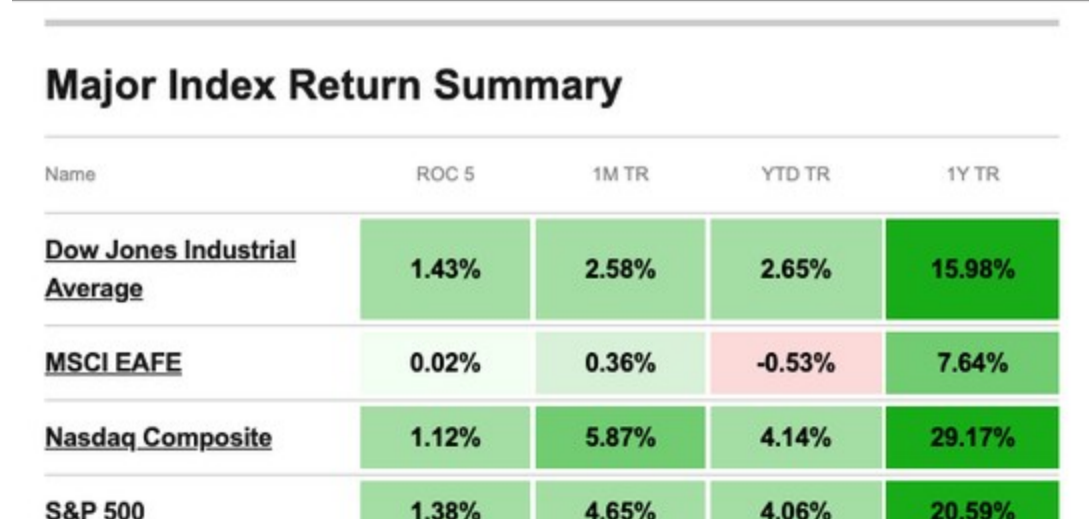
Stocks pushed higher last week as investors cheered mega-cap tech corporate reports and a better-than-expected employment report.

Stocks at New Highs

At the beginning of the week, stocks surged, anticipating fourth-quarter corporate updates from tech companies and the Federal Reserve's two-day policy meeting; this led to the S&P 500 Index reaching a new record high on Monday.

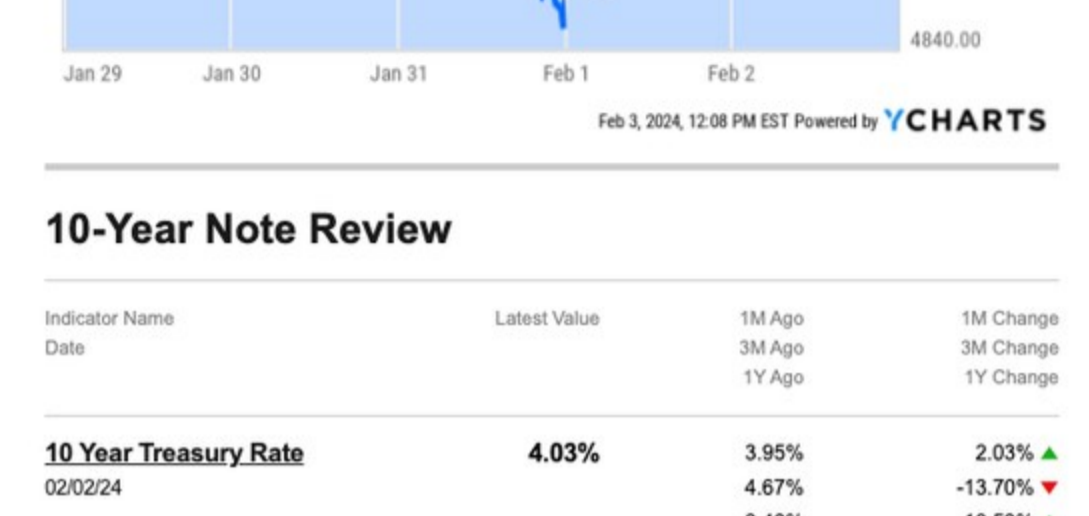
The market remained relatively stable for the rest of the week until Wednesday, when the Federal Reserve announced its decision to maintain interest rates within the 5.25-5.50 percent target range. The Federal Open Market Committee's (FOMC) news unsettled investors, who anticipated that rates would remain unchanged but expected more specific guidance on the Fed's plan to lower interest rates.¹

On Friday, the job report for January revealed the addition of 353,000 new jobs, surpassing the forecast of 185,000. This strong report did not negatively impact the markets. Instead, investors interpreted it as confirmation of a robust economy.²



Major Index Return Summary

Name	ROC 5	1M TR	YTD TR	1Y TR
Dow Jones Industrial Average	1.43%	2.58%	2.65%	15.98%
MSCIEAFE	0.02%	0.36%	-0.53%	7.64%
Nasdaq Composite	1.12%	5.87%	4.14%	29.17%
S&P 500	1.38%	4.65%	4.06%	20.59%



10-Year Note Review

Indicator Name	Latest Value	1M Ago	3M Ago	1Y Ago
10 Year Treasury Rate	4.03%	3.95%	4.67%	2.03%
02/02/24			3.40%	-13.70%
				18.53%

Source: YCharts.com, February 3, 2024. Weekly performance is measured from Monday, January 29, to Friday, February 2.
 ROC 5 = the rate of change in the index for the previous 5 trading days.
 TR = total return for the index, which includes any dividends as well as any other cash distributions during the period.
 Treasury note yield is expressed in basis points.

Fed's Mixed Signals

The Fed's decision to keep rates steady left some investors disappointed, as they had been hoping for indications of rate cuts in the coming months; this led to a decline in stock prices on Wednesday, with increased selling towards the end of the trading day.

The *Wall Street Journal's* headline after the FOMC meeting on Wednesday suggested that rate cuts were possible but not expected immediately. The FOMC's policy language, released after the meeting, indicated a subtle shift from considering rate cuts to proposing they could be possible unless inflation became a concern.³

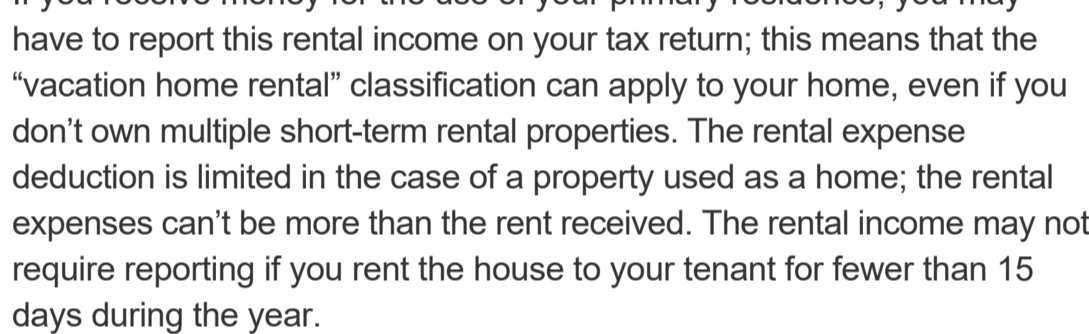
This Week: Key Economic Data

- Monday:** ISM Services Index.
 - Wednesday:** International Trade in Goods & Services. EIA Petroleum Report.
 - Thursday:** Jobless Claims. Fed Balance Sheet.
- Source: Investors Business Daily - Econoday economic calendar; February 2, 2024
 The Econoday economic calendar lists upcoming U.S. economic data releases (including key economic indicators), Federal Reserve policy meetings, and speaking engagements of Federal Reserve officials. The content is developed from sources believed to be providing accurate information. The forecasts or forward-looking statements are based on assumptions and may not materialize. The forecasts also are subject to revision.

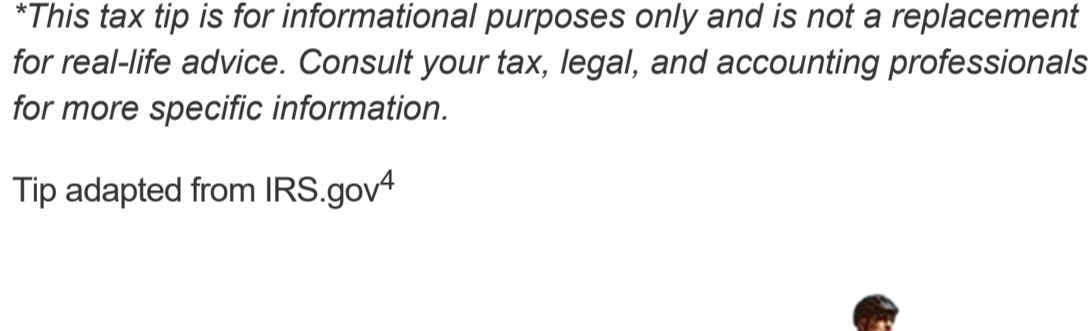
This Week: Companies Reporting Earnings

- Monday:** McDonald's Corporation (MCD), Caterpillar (CPL)
- Tuesday:** Eli Lilly and Company (LLY), Amgen Inc. (AMGN), Fiserv, Inc. (F1)
- Wednesday:** The Walt Disney Company (DIS), Uber Technologies Inc. (UBER), PayPal Holdings Inc. (PYPL)
- Thursday:** AstraZeneca Plc (AZN), S&P Global Inc. (SPGI), Philip Morris International Inc. (PM)
- Friday:** PepsiCo Inc. (PEP)

Source: Zacks, February 2, 2024
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"Your life does not get better by chance, it gets better by change."
 – Jim Rohn



Vacation Home Rentals

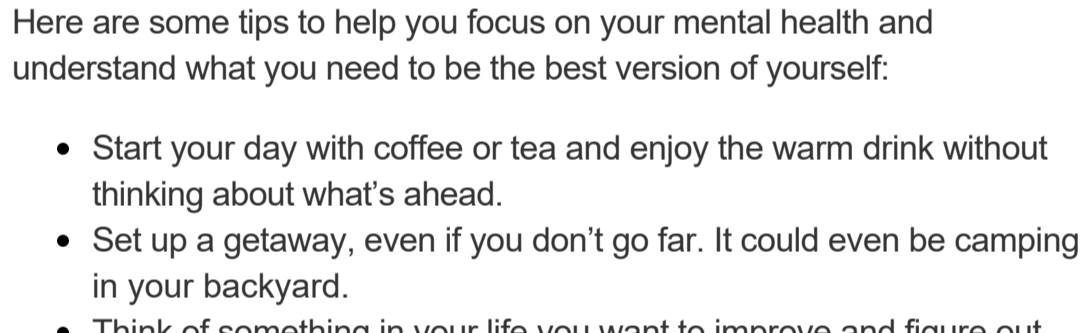
If you receive money for the use of your primary residence, you may have to report this rental income on your tax return; this means that the "vacation home rental" classification can apply to your home, even if you don't own multiple short-term rental properties. The rental expense deduction is limited in the case of a property used as a home; the rental expenses can't be more than the rent received. The rental income may not require reporting if you rent the house to your tenant for fewer than 15 days during the year.

A vacation home is a house, apartment, condominium, or other dwelling that you use to generate income, but you can also use it as a residence during the year. For tax purposes, it's critical to divide the expenses of a property into personal and business purposes.

To report rental income and rental expenses, use Schedule E. In addition, rental income may be subject to a net investment income tax.

**This tax tip is for informational purposes only and is not a replacement for real-life advice. Consult your tax, legal, and accounting professionals for more specific information.*

Tip adapted from IRS.gov⁴



Taking Care of Your Mental Health

Taking care of your mental health is just as important as your physical health—if not more so. Your mental health influences how you communicate with others, perform at work, and feel about yourself.

Here are some tips to help you focus on your mental health and understand what you need to be the best version of yourself:

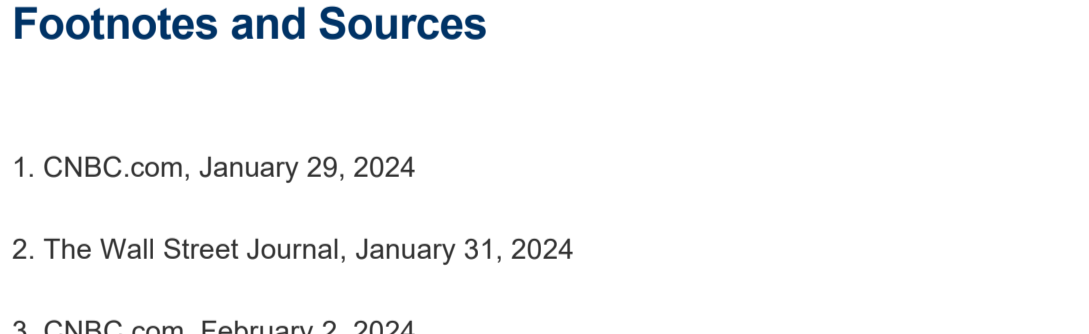
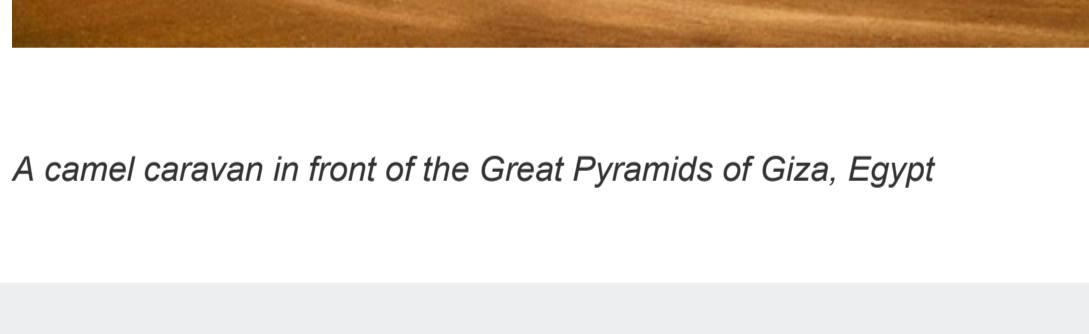
- Start your day with coffee or tea and enjoy the warm drink without thinking about what's ahead.
- Set up a getaway, even if you don't go far. It could even be camping in your backyard.
- Think of something in your life you want to improve and figure out what you can do to take a step in the right direction.
- Learn something new, whether that's a recipe, a song, a poem, or a skill.
- Show some love to someone in your life. Write a letter, send a text, or give a loved one a phone call.
- Go off the grid and leave your smartphone at home for a day (or a few hours).

Tip adapted from Mental Health America⁵



Two men played five games of chess in the park. They both won the same number of games, yet none of the games they played ended in a draw. So how could this be?

Last week's riddle: *What five-letter word becomes shorter when you add two letters to it? Answer: Short.*



A camel caravan in front of the Great Pyramids of Giza, Egypt

Footnotes and Sources

1. CNBC.com, January 29, 2024
2. The Wall Street Journal, January 31, 2024
3. CNBC.com, February 2, 2024
4. IRS.gov, September 25, 2023
5. Mhanational.org, October 9, 2023

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