



## Coffee & Commentary

March 18, 2024

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### Good Morning!

Welcome to Coffee & Commentary, presented by Alpha Zero's Managing Partner and CIO, Eric Mechler CFP®, ChFC®, AIF®, BFA™, RICP®.

Let's get started.

### 1. What is currently impacting financial markets?

- U.S. stock markets experienced a slight downturn for the second consecutive week, with early gains on Tuesday overshadowed by declines later in the week. This minor pullback follows a robust four-month surge, during which the S&P 500 captured gains a remarkable 16 out of 18 weeks. Final results on the week were; S&P 500 **-0.14%**, Nasdaq **-0.71%**, and the Dow **-0.03%**.
- Recent reports indicated that inflation continues to persist in the U.S., even with the Federal Reserve maintaining interest rates at their highest level since 2001. Tuesday's data on the Consumer Price Index (CPI) saw a slight increase to an annual rate of 3.2%, up from 3.1% the month before. Additionally, Thursday's update on producer prices also reflected slightly higher-than-anticipated price gains.
- Bitcoin continued its explosive start to 2024, surpassing \$73,000 on Wednesday. Later in the week the cryptocurrency pulled back, settling around \$68,000 by Friday. For the year, Bitcoin has seen an increase of over 60%.

### 2. How are we to prepare and act?

- Amazingly, it has already been a year since the bank crisis triggered by the collapse of Silicon Valley Bank. Since then, the landscape within financial markets and the banking sector itself have experienced a

substantial evolution. The crisis, which momentarily stoked fears of widespread instability within the banking system, has faded into the backdrop of a market buoyed by robust economic growth, enthusiasm towards technological innovation, and anticipations of Federal Reserve rate cuts. Banks have weathered the storm, benefitting from lower treasury bond yields and a supportive economic environment. However, despite the absence of a direct sequel to last year's banking crisis, caution should be taken over the next few months, as the recent period of growth has cultivated a sense of complacency among investors.

- As the economy continues its trajectory from recovery to expansion, the stock market's progression from resilience to exuberance encapsulates the shifting dynamics over the past year. The transition from a cautious recovery to a robust bull market, underscored by substantial gains and sector-wide optimism, reflects deeper undercurrents of change within monetary policy, inflation trends, and economic performance. Looking forward, the interplay between easing inflation, potential Federal Reserve rate cuts, and evolving economic indicators suggests a landscape ripe for cautious optimism.

### 3. Taking a look at the week ahead.

- Wednesday -- Fed meeting concludes, Jerome Powell press conference.
- Thursday -- weekly unemployment data

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As always, here at Alpha Zero we believe knowledge is power and look forward to helping you Think Beyond What's Next.

Please feel free to share this newsletter with friends and family, and we thank you in advance for any introductions you send our way.

Have a great week and please reach out to us with any questions.

Sincerely,

**Eric Mechler, CFP®, ChFC®, AIF®, BFA™, RICP®**

*Founder, Managing Partner*

*Chief Investment Officer*

Alpha Zero

2500 N Military Trail, Suite 316

Boca Raton, FL 33431

Phone: (561) 576-2599 Ext. 124

[eric@alphazerowealth.com](mailto:eric@alphazerowealth.com)

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### Alpha Zero

2500 N Military Trail, Suite 316, Boca Raton, FL 33431

Phone: ( 561) 576-2599 Ext. 124

[eric@alphazerowealth.com](mailto:eric@alphazerowealth.com)



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Alpha Zero | 2500 N Military Trail, Suite 316, Boca Raton, FL 33431

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