



Week Ahead

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Week of April 22, 2024

Correction Underway But Still Need A Bottom

The long-awaited correction has arrived. So, as expected, April has brought us showers with the occasional thunderstorm.

But remember, corrections always feel bad and generally have negative news. But we believe this is just a normal correction. Historically, the equity market has three-or-four 5% corrections and one 10% correction per year. The S&P 500 is now testing its 100-day moving average for what would be a 7%-8% correction. The risk is that the S&P 500 and Nasdaq 100 test the 200-day moving average for a 10%-11% correction. The economy is showing signs of continued improvement, with the Atlanta GDPNow model estimating economic growth for 1Q24 at 2.9%. In our view, this correction is a buying opportunity, and our position is supported by the strong economic growth and the better-than-expected earnings that have been reported so far.

S&P 500 With 50-, 100- And 200-Day Moving Averages: Could Test 200-Day Moving Average



 **Week of April 22, 2024**

Nasdaq 100 With 50-, 100-, And 200-Day Moving Averages: Testing 200-Day Moving Average



Yields Higher But Stable

With a stronger economy and the Fed holding off on cutting interest rates, interest rates have actually risen – but are respecting resistance. The 10-year Treasury is holding at 4.7% and the 2-year is likely to be range-bound between 5.0%-5.2%.

10-Year Treasury Yield: Resistance Near 4.7%



2-Year Treasury Yield: Resistance Channel 5.0%-5.2%



Volatility Brings Opportunities

With equity markets correcting, volatility has spiked higher. Volatility brings opportunities. Higher volatility is a sign that stocks are getting sold by “weak hands” – fast money traders and recent-buyers who scare easily. Once the selling is completed, we expect the equity market to bottom and resume the rally. We continue to believe the S&P 500 can reach 5600-5800.

VIX Volatility Index: Finally A Spike In Volatility



Earnings: Off To A Good Start

According to FactSet, to date, 14% of the companies in the S&P 500 have reported actual results for 1Q24. Of these companies, 74% have reported actual EPS above estimates. In aggregate, these companies are reporting earnings that are 7.8% above estimates. It's still early in the reporting cycle, but it's a good sign that this earnings season should be a strong one.

Geopolitical Tensions Not Moving WTI Crude Oil Higher

As geopolitical tensions have risen in the Middle East, particularly between Israel and Iran, WTI crude oil had a moment higher but, since supplies have not been impacted, oil prices have since fallen. We continue to believe that oil prices would need to get to \$100 and stay above \$100 to be a negative for the economy, consumers, and companies. If this were to happen, stocks would move significantly lower in our view.

WTI Crude Oil Respects Resistance Near \$90



Week of April 22, 2024

U.S. Dollar Could Remain Strong As Interest Rates Remain Higher For Longer

The U.S. dollar has broken key resistance to the upside. With interest rates expected to remain higher for longer and Europe likely to lower interest rates before the U.S. does, the U.S. dollar looks to remain strong – despite expectations to the contrary.

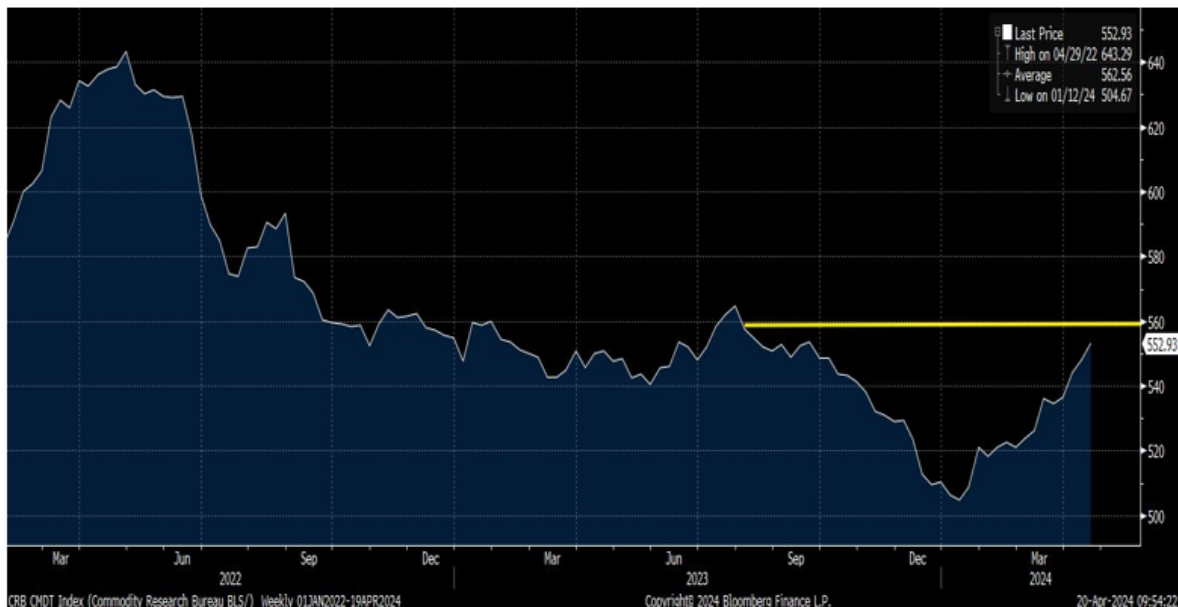
U.S. Dollar Breaking Above Key Downtrend: U.S. Dollar To Remain Strong



Commodities Face Resistance While Crude Oil Is Stable

Commodities have rallied sharply off their lows but face major resistance. Without crude oil rallying sharply, commodity pricing should peak soon. A stronger U.S. dollar also indicates that commodities should remain contained as they are inversely related. Note: gold is the exception to the rule as it's the only commodity that generally can rally alongside the U.S. dollar – because it's a safe haven asset.

CRB Commodity Index: Rising But Approaching Major Resistance



Week of April 22, 2024

Market Performance

	Last 4/19/2024	Month End 3/29/2024	Month to Date	Quarter End 3/29/2024	Quarter to Date	Year End 12/29/2023	Year to Date	Year Ago 4/20/2023	Year To Year
S&P 500	4967.23	5254.35	-5.5%	5254.35	-5.5%	4769.83	4.1%	4129.79	20.3%
NASDAQ Composite	15282.01	16379.46	-6.7%	16379.46	-6.7%	15011.35	1.8%	12059.56	26.7%
NASDAQ 100	414.65	444.01	-6.6%	444.01	-6.6%	409.52	1.3%	316.28	31.1%
Russell 2000	1947.66	2124.55	-8.3%	2124.55	-8.3%	2027.07	-3.9%	1789.70	8.8%
S&P Consumer Discretionary Sector	1382.14	1485.49	-7.0%	1485.49	-7.0%	1418.09	-2.5%	1136.78	21.6%
S&P Consumer Staples Sector	794.27	814.23	-2.5%	814.23	-2.5%	762.32	4.2%	792.75	0.2%
S&P Energy Sector	725.99	721.24	0.7%	721.24	0.7%	640.05	13.4%	657.19	10.5%
S&P Financial Sector	671.82	701.32	-4.2%	701.32	-4.2%	626.35	7.3%	554.56	21.1%
S&P Health Care Sector	1618.78	1723.97	-6.1%	1723.97	-6.1%	1590.36	1.8%	1554.15	4.2%
S&P Industrials Sector	1019.51	1066.71	-4.4%	1066.71	-4.4%	964.73	5.7%	853.51	19.4%
S&P Information Technology Sector	3500.44	3821.05	-8.4%	3821.05	-8.4%	3397.16	3.0%	2596.70	34.8%
S&P Materials Sector	560.03	585.16	-4.3%	585.16	-4.3%	539.62	3.8%	512.69	9.2%
S&P Real Estate Sector	224.97	248.16	-9.3%	248.16	-9.3%	251.58	-10.6%	232.84	-3.4%
S&P Communications Sector	280.48	284.29	-1.3%	284.29	-1.3%	246.00	14.0%	190.55	47.2%
S&P Utilities Sector	332.18	333.49	-0.4%	333.49	-0.4%	321.92	3.2%	352.72	-5.8%
S&P 500 Total Return	10801.16	11418.03	-5.4%	11418.03	-5.4%	10327.83	4.6%	8841.62	22.2%
3 month Treasury Bill Price	98.66	98.66	0.0%	98.66	0.0%	98.66	0.0%	98.73	-0.1%
3 month Treasury Bill Total Return	247.97	247.21	0.3%	247.21	0.3%	243.98	1.6%	235.26	5.4%
10 Year Treasury Bond Future	107.91	110.80	-2.6%	110.80	-2.6%	112.89	-4.4%	114.66	-5.9%
10 Year Treasury Note Total Return	284.41	291.09	-2.3%	291.09	-2.3%	294.12	-3.3%	292.10	-2.6%
iShares 20+ Year Treasury Bond ETF	89.15	94.62	-5.8%	94.62	-5.8%	98.88	-9.8%	104.99	-15.1%
S&P Municipal Bond Total Return	270.28	272.69	-0.9%	272.69	-0.9%	272.94	-1.0%	262.89	2.8%
iShares S&P National Municipal Bond NAV	106.29	107.42	-1.1%	107.42	-1.1%	108.42	-2.0%	106.79	-0.5%
S&P 500 Investment Grade Corporate Bond Total Return	442.83	453.46	-2.3%	453.46	-2.3%	455.89	-2.9%	436.55	1.4%
S&P Investment Grade Corporate Bond	88.49	90.59	-2.3%	90.59	-2.3%	91.76	-3.6%	90.32	-2.0%
S&P Investment Grade Corporate Bond Total Return	471.45	481.59	-2.1%	481.59	-2.1%	482.66	-2.3%	461.38	2.2%
SPDR Bloomberg High Yield Bond ETF	93.00	95.20	-2.3%	95.20	-2.3%	94.73	-1.8%	91.83	1.3%
iShares iBoxx High Yield Corporate Bond ETF	75.98	77.73	-2.3%	77.73	-2.3%	77.39	-1.8%	74.76	1.6%
Gold	2391.93	2229.87	7.3%	2229.87	7.3%	2062.98	15.9%	2004.80	19.3%
Bitcoin	64071.26	69654.16	-8.0%	69654.16	-8.0%	41935.34	52.8%	28203.91	127.2%

Source: Bloomberg, Sanctuary Wealth, April 19, 2024

Getting The Correction Correct

This week Big Tech will dominate earnings as Core PCE dominates inflation signals.

Technology earnings will remain in the spotlight this week, with four of the Magnificent 7 set to report. Investors are eager to hear from Alphabet (GOOGL), Meta (META), Microsoft (MSFT), and Tesla (TSLA). Meanwhile, the release of Core PCE (Personal Consumption Expenditures Price Index) data will provide the latest snapshot on inflation, keeping the bond market on its toes. Either of these events – tech earnings or PCE data – could prove to be market movers.

Expectations for Core PCE are looking for a drop to 2.7%. If that's the case, the report will prove to be bullish for markets, in our view. Shelter is an important component of Core PCE, and it has been a key factor in keeping inflation elevated. If it's down, expect investors to raise the roof – even if just modestly.



Calendar

Mon.

Earnings: AGNC Investment, Albertsons, Alexandria RE, AZZ, Bank of Hawaii, Brown & Brown, Cadence Bank, Calix Networks, Cleveland-Cliffs, Crane, Equity Lifestyle Properties, Globe Life, HealthStream, Hexcel, Independent Bank Group, Medpace, Nucor, Packaging Corp of America, Pinnacle Financial Partners, SAP, Simpson Manufacturing, Truist Financial, Verizon Communications, Zions Bancorp

Tue.

9:45 am S&P flash U.S. services PMI, S&P flash U.S. manufacturing PMI

10:00 am New Home Sales

Earnings: Baker Hughes, Banc of California, Canadian National Railway, Chubb, CoStar Group, Danaher, East West Bancorp, Enphase Energy, EQT Corp., Equity Residential, First Bancorp, First Commonwealth, Fiserv, Freeport-McMoRan, GATX, GE Aerospace, General Motors, Halliburton, Hawaiian Holdings, Herc Holdings, IDEX Corp, Invesco, JetBlue Airways, Kimberly-Clark, Lockheed Martin, Matador Resources, Mattel, MSCI, NextEra Energy, Old National Bancorp, Pentair, PepsiCo, Philip Morris International, Polaris Industries, PulteGroup, Quest Diagnostics, Range Resources, RTX, Ryder System, Seagate Technology, Sherwin-Williams, Spotify, Steel Dynamics, Stride, Tesla, Texas Instruments, Trustmark, United Parcel Service, Veritex Holdings, Vicor, Visa, W.R. Berkley, Webster Financial, WesBanco, Xerox, Zurn Elkay Water Solutions

Wed.

8:30 am Durable-goods orders, Durable-goods minus transportation

Earnings: Align Technology, Amphenol, Antero Midstream, Antero Resource, AT&T, Avery Dennison, Biogen, BioMarin Pharmaceutical, Boeing, BOK Financial, Boston Scientific, Bunge, Century Communities, ChampionX, Chemed, Chipotle Mexican Grill, Churchill Downs, CME Group, Community Health, Constellation, Core Labs, Encompass Health, Entergy, Ethan Allen, Evercore, First American Financial, Ford Motor, Fortive, General Dynamics, Graco, Group 1 Auto, Hasbro, Healthcare Services Group, Helen of Troy, Hilton, Humana, ICON, Impinj, International Business Machines, Interpublic, Kaiser Aluminum, Knight-Swift Transportation Holdings, Lam Research, Landstar System, Lennox International, Masco, MaxLinear, Meritage Homes, Meta Platforms, Moelis, Molina Healthcare, Mr. Cooper Group, Nabors Industries, Navient, New Oriental Education & Technology, Norfolk Southern, Oceaneering International, Old Dominion Freight Line, O'Reilly Automotive, Otis Worldwide, Owens Corning, Pacific Premier, Pegasystems, Plexus, Silicon Labs, Prosperity Bancshares, QuantumScape, Raymond James, Rollins, Sallie Mae, ServiceNow, Sleep Number, Synchrony Financial, TE Connectivity, Teledyne, Technologies, Teradyne, Thermo Fisher Scientific, Travel + Leisure Co, Tyler Technologies, United Rentals, Universal Health Services, Vertiv Holdings, Viking Therapeutics, Virtu Financial, Wabash National, Waste Management, Watsco, Western Union, Whirlpool, Wyndham Hotels & Resorts

Thu.

8:30 am GDP, Initial jobless claims, Advanced U.S. trade balance in goods, Advanced retail inventories, Advanced wholesale inventories

10:00 am Pending home sales

Earnings: A.O. Smith, ADT, Allegion, AllianceBernstein, Alphabet, Altria, American Airlines, AppFolio, Applied Industrial, AptarGroup, Arch Resources, Arthur J. Gallagher, Asbury Automotive, AstraZeneca, Atlassian, AvalonBay, Boston Beer Co, Boyd Gaming, Bristol-Myers Squibb, Brunswick, California Water, Capital One, Carlisle Cos, Carrier Global, Casella Waste, Caterpillar, CBIZ, Check Point Software, Cincinnati Financial, CMS Energy, CNX Resources, Comcast, Columbia Sportswear, CubeSmart, Cullen/Frost, DexCom, Dover, Dow, DTE Energy, Eastman Chemical, Edwards Lifesciences, Exponent, Expro Group, Fair Isaac, Federated Hermes, First Financial Bancorp, FirstEnergy, FTI Consulting, Gaming and Leisure Properties, Gilead Sciences, Grainger, Harley-Davidson, Hartford Financial, Healthpeak Properties, Hertz Global, Hess, Honeywell, Hub Group, IMAX, Insteel Industries, Integer Holdings, Intel, International Paper, Juniper Networks, Keurig Dr Pepper, Kirby, KLA, L3Harris, Laboratory Corp of America, Lakeland Financial, Lazard, Merck, Microsoft, Mobileye Global, Mohawk, Nasdaq, NerdWallet, Newmont, Northrop Grumman, Olin, Oshkosh, PG&E, Phillips Edison & Company, Pool, Principal Financial Group, PTC Therapeutics, Reliance, ResMed, Robert Half, Roku, Royal Caribbean, S&P Global, SAGE Therapeutics, Sanofi, Sonic Automotive, Skechers USA, SkyWest, Snap, Southside Banc, Southwest Air, SPS Commerce, STMicroelectronics, TechnipFMC, Teladoc, Terex, Textron, T-Mobile US, Tractor Supply Company, Tradeweb Markets, TransUnion, TRI Pointe Homes, Union Pacific, Valero Energy, Verisign, Visteon, West Pharmaceutical Services, Western Digital, WEX, Weyerhaeuser, Willis Towers Watson, WNS, WSFS Financial, Xcel Energy

Fri.

8:30 am Personal income (nominal), Personal spending (nominal), Core PCE index

10:00 am Consumer sentiment (final)

Earnings: AbbVie, Aon, Autolib, AutoNation, Ball Corp, Barnes Group, Centene, Charter Communications, Chevron, Colgate-Palmolive, Exxon Mobil, First Hawaiian, Gentex, HCA, LyondellBasell, Newell Brands, Piper Sandler, Roper, Saia, T. Rowe Price, TriNet Group, U.S. Silica, WisdomTree

Source: MarketWatch/Kiplinger

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