



Sanctuary Week Ahead

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 Week of **September 5, 2023**

Inflation Steady, Jobs Data Weakening But Manufacturing Strong – Stocks And Bonds Flip Flop

Last week, the Federal Reserve's favorite inflation gauge – the Core Price Consumption Expenditure (PCE) – came in line with expectations, but it does remain elevated.

JOLTS (the job openings and labor turnover survey) and employment data came in softer than expected, indicating early signs of a weakening employment picture. The important number was the unemployment rate rising to 3.8% from an expected 3.5%. Payrolls did come in stronger than expected, though wages were lower. But then manufacturing data showed strength. Both stocks and bonds had responded positively, then flipped to negative on manufacturing data.

The market still expects that the Fed to be on hold with interest rates for September. But the question remains open for whether the Fed will raise interest rates again at their subsequent meeting (Oct. 31-Nov. 1). As of now, the market is not expecting a rate hike in November.

Personal Consumption Expenditure Core Price Index



Source: Bloomberg, September 1, 2023

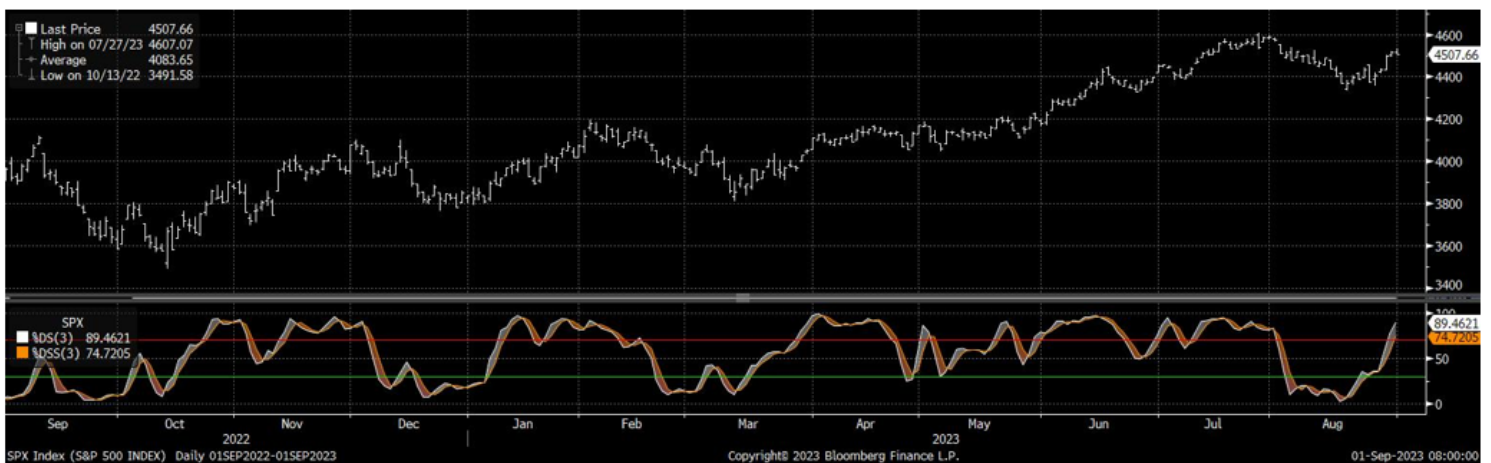
Approaching The One Year Mark Since The October 2022 Low for the S&P 500

The Bull is running, yet many remain cautious if not bearish on the equity market. We believe last October was the low. Since then, the S&P 500 has rallied 32% and the Nasdaq 100 has rallied 53% – these are certainly bull market returns. So, what to expect going forward? The short-term price momentum indicator stochastic has moved back to overbought, and the intermediate weekly indicator is overbought on a sell signal. These readings indicate markets can remain choppy or volatile, especially since the VIX volatility index has fallen to 13 again. Remember: we do face a potential government shutdown in early October. Concerns over such threats typically result in volatility, but markets tend to recover quickly. We continue to see strong equity returns this year in double digits.

Introducing New Long-Term S&P Target

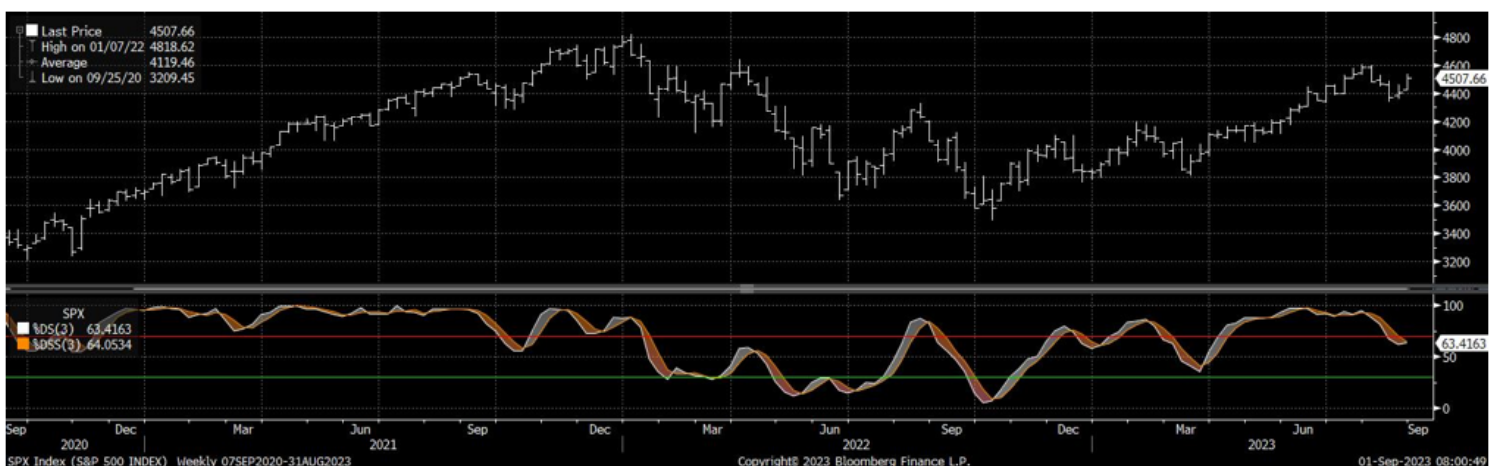
Looking at the longer term, if the S&P 500 can break and hold above 4637, we believe the next move could be in the range of 5200-5400, which is a 12%-17% move from this level. We therefore expect significantly higher levels, so we remain buyers of this market.

S&P 500 With 14-Day Stochastic Overbought



Source: Bloomberg, September 1, 2023

S&P 500 With 14-Week Stochastic Overbought With Sell Signal



Source: Bloomberg, September 1, 2023



Week of **September 5, 2023**

Earnings To Power Equity Markets Higher Earnings Estimates Continue To Rise For The S&P 500 2023 And 2024 For 11%-12% Gain



Source: Strategas, August 28, 2023

Upward Earnings Estimate Revisions Highest Since November Of 2021

According to Strategas, earnings revisions for the S&P 500 have turned noticeably higher and, for the month of August, we've seen the highest percent of upward earning revisions since November of 2021. This trend is actually counter-seasonal because analysts have a tendency to lower their earnings forecasts into the end of the year. This tells us earnings were much stronger than expected earlier in the year. The sectors with the most notable upticks in revisions during August were Energy, Healthcare, and Financials. *Remember: earnings estimates are the best indicator of the direction of the equity markets.*



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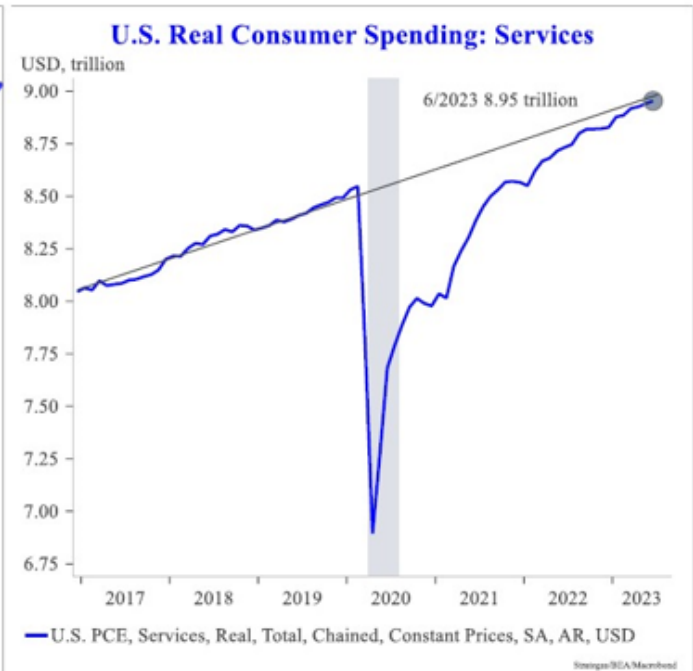
Earnings Estimates Continue to Rise



Source: Strategas, August 28, 2023

Consumer Spending Still Rising Despite Concerns About Consumer Spending Power

Consumers continue to spend and add to credit but they have not peaked out spending quite yet. Stronger spending is positive for the economy and equity markets.



Source: Strategas, August 28, 2023

IPOs Picking Up?

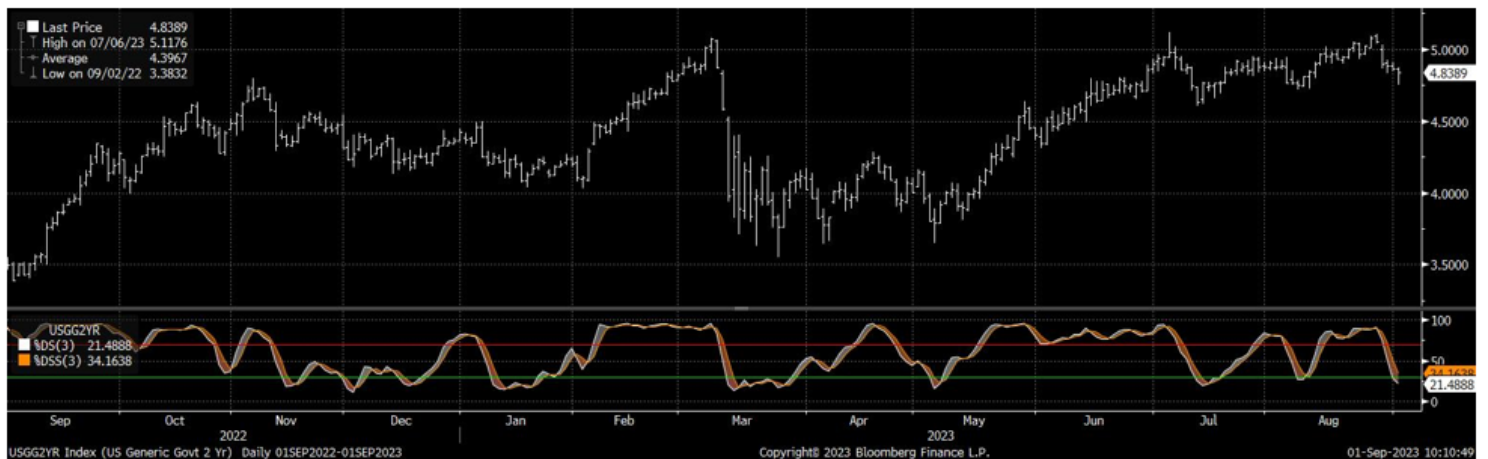
In September, there are a few Initial Public Offerings (IPOs) expected to come to market, such as the food delivery company Instacart and ARM, a chip design company. IPOs are a good sentiment indicator of the market. The Renaissance IPO ETF (IPO) has been trending up – a positive sign for the stock market.

Renaissance IPO ETF (IPO)



Source: Bloomberg, September 1, 2023

2-Year Treasury Yield Holding 4.7% And Is Oversold



Source: Bloomberg, September 1, 2023

10-Year Treasury Yield Holding 4.1% And Is Oversold

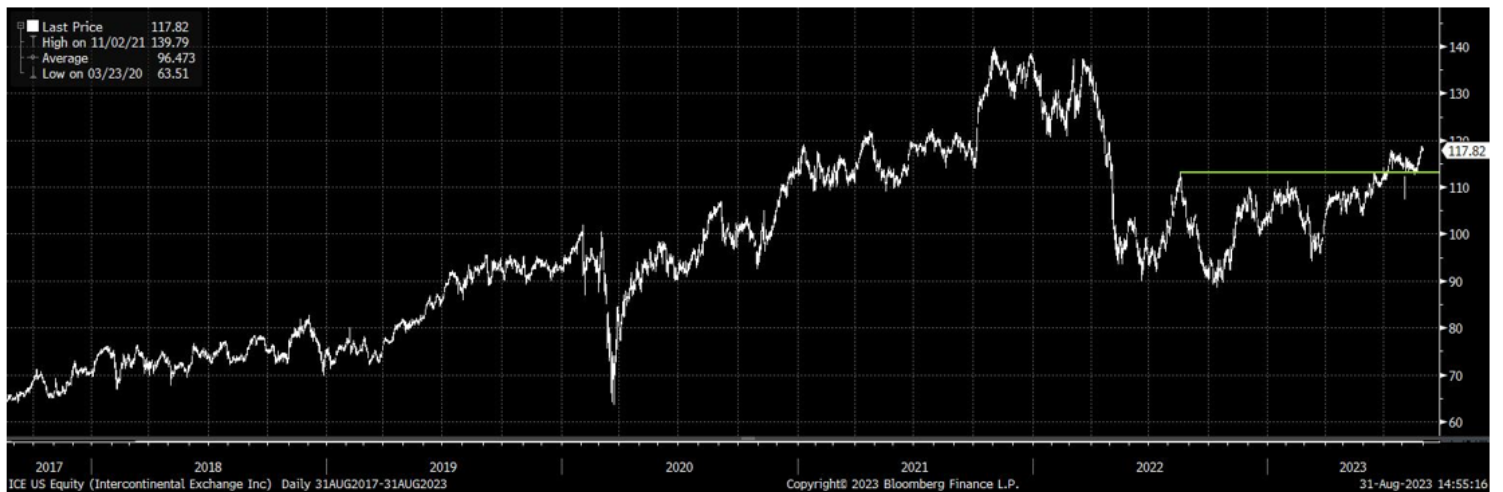


Source: Bloomberg, September 1, 2023

Charts We Found Interesting Last Week

ICE Is Turning To Fire – Is The Exchange Pointing To A Bull In Energy?

Intercontinental Exchange (ICE)



Source: Bloomberg, August 31, 2023

Week of **September 5, 2023**

Energy Is Re-Energizing – Best Sector Return In August S&P 500 Sector Returns For August 2023



Source: Bloomberg, August 31, 2023

CME Group (CME) – The CME Exchange Also Looks To Be Calling For The Bull To Keep Running



Source: Bloomberg, August 31, 2023

UBS Breaking Out Of A 14-Year Trading Range On Good Earnings



Source: Bloomberg, August 31, 2023



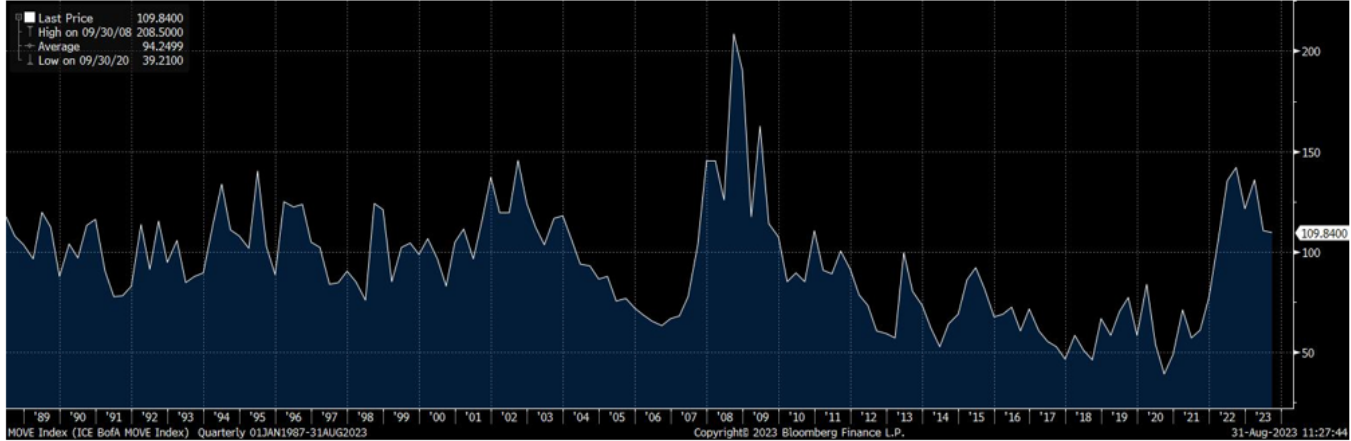
Week of **September 5, 2023**

Bloomberg PCE Core Services Less Housing Y/Y: Elevated at 4.69% (A Powell Favorite Indicator!)



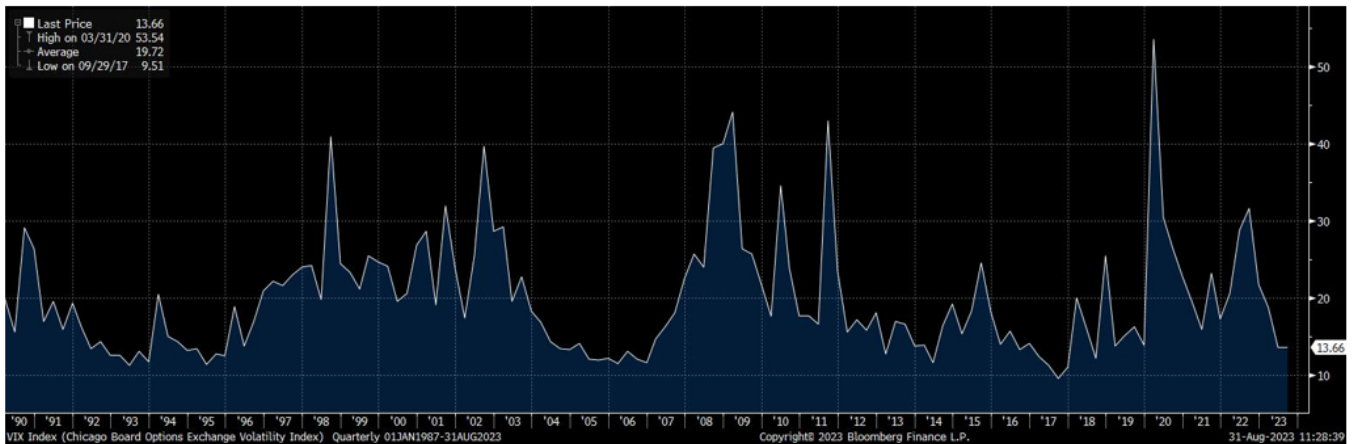
Source: Bloomberg, August 31, 2023

Ice BofA Move Bond Volatility Index (MOVE) – Volatility Higher For Bonds Than For Stocks



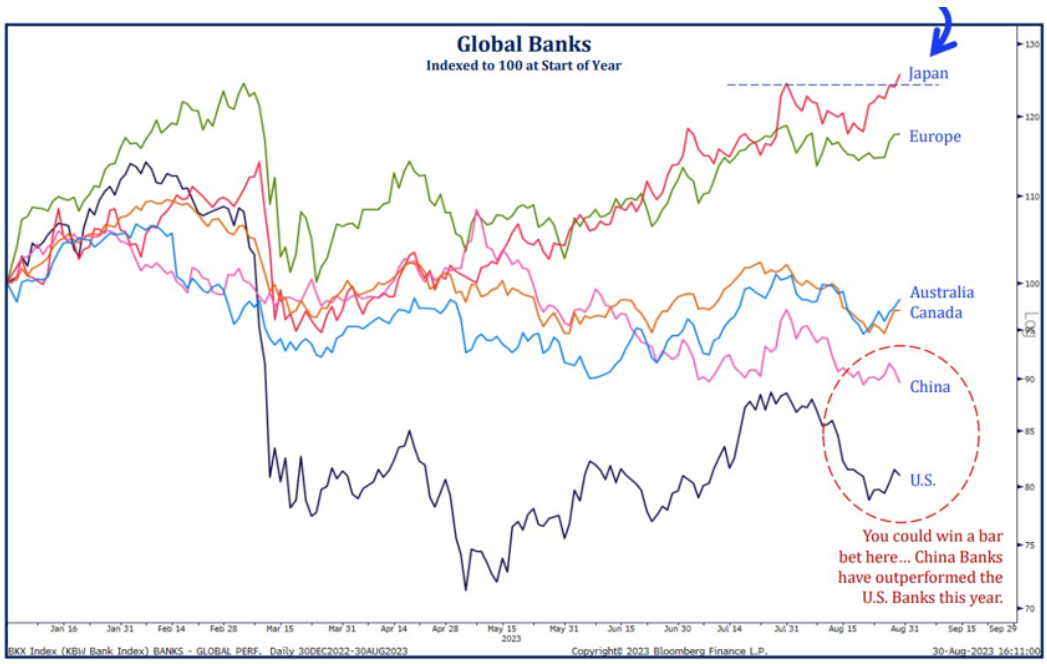
Source: Bloomberg, August 31, 2023

VIX Stock Volatility Index – Volatility Drops And Is Low Going Into September



Source: Bloomberg, August 31, 2023

Shocking: US has the Worst Performing Banks While Japan has the Best; China Banks Better Than US



Source: Strategas, August 28, 2023

NVIDIA vs AMD: The Artificial Intelligence Chip Winner So Far Is NVIDIA Technically Speaking, NVDA Measures To \$750-\$800 – Stock Overbought Support \$400



Source: StockCharts.com, August 31, 2023



Week of **September 5, 2023**

Back To School And Ready To Roll

This is the week that investors start to get serious about positioning for 3Q and 4Q.

Vacation time is over, and investors have put aside their rose-colored sunglasses to take a hard look at what lies ahead. This week we'll get ISM Services and Consumer Credit data. So, where should we look? Eyeballs will be staring into earnings crystal balls – hoping to see how the right positioning could sustain the outsized gains for the year so far. And for those who've been sitting on the sidelines, they're looking for an entry point for this bull ride... or has it passed them by? We believe it is never too late to get back to school and learn your lessons.



Calendar

Mon.

Labor Day holiday

Tue.

10:00 am
Earnings

Factory orders
AeroVironment, America's Car-Mart, Brady, GitLab, Zscale

Wed.

8:30 am
9:45 am
10:00 am
2:00 pm
Earnings

U.S. trade deficit
S&P final U.S. services PMI
ISM services
Fed Beige Book
American Eagle, C3.ai, Core & Main, Dave & Buster's Entertainment, GameStop,

Thu.

8:30 am
9:00 am
11:45 am
3:30 pm
3:45 pm
7:00 pm
7:05 pm
Earnings

Initial jobless claims, U.S. productivity (revision), Unit-labor costs (revision)
Philadelphia Fed President Patrick Harker speaks
Chicago Fed President Austan Goolsbee speaks
New York Fed President John Williams speaks
Atlanta Fed President Raphael Bostic speaks
Atlanta Fed President Raphael Bostic speaks
Dallas Fed President Lorie Logan speaks
ABM Industries, BRP, DocuSign, G-III Apparel, Science Applications, Semtech, Smith &

Fri.

10:00 am
11:00 am
3:00 pm
Earnings

Wholesale inventories
San Francisco Fed President Mary Daly speaks
Consumer credit
Kroger

Source: MarketWatch/Kiplinger

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