



Week Ahead

The Longo Group
Advisors-Ted Longo, Steve Longo, & Chris Collins
985-445-1042 | Toll-Free: 833-475-6646



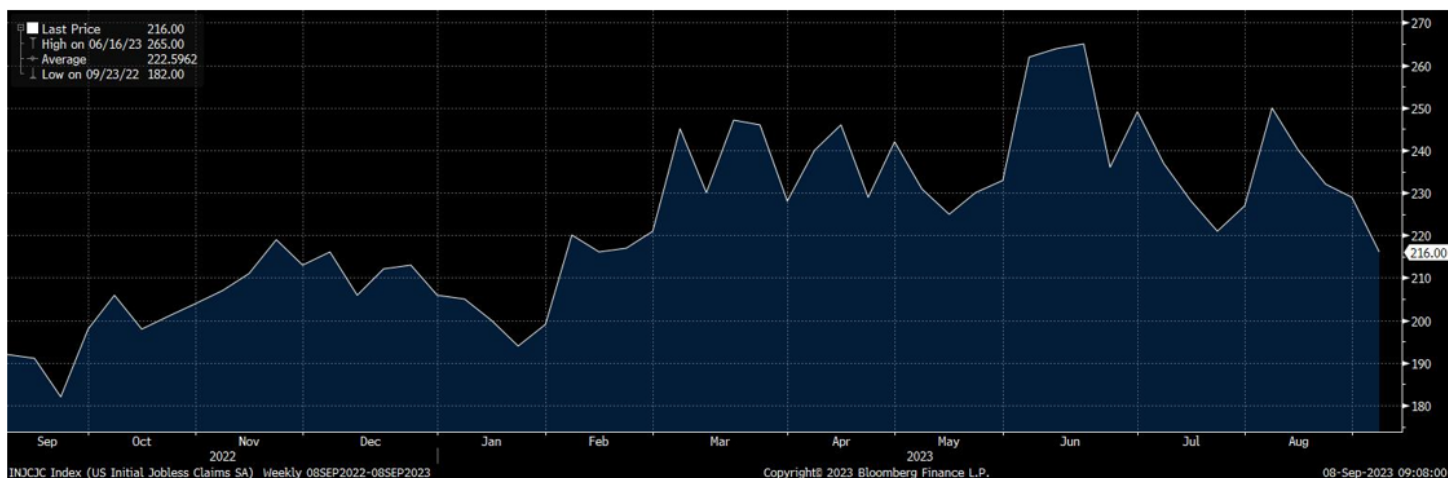
Week of **September 11, 2023**

Initial Jobless Claims Fall Sharply

A good leading indicator of the job market is initial jobless claims. Claims had been rising – indicating the job market was slowing – only to give this up last week when claims fell sharply and back down to levels we’ve not seen since February.

The Federal Reserve (Fed) is data dependent when it comes to determining the future of higher interest rates. The initial jobless claims data point will likely not change the Fed's view of holding at their next September meeting. But if this trend continues, then the market will likely begin pricing in higher rates. In addition, there are other market pressure points from the world of labor, including higher wage negotiations from UPS, the possible Auto Workers (UAW) strike, and, of course, the continued strike by 11,000 film and television writers, members of the Writers Guild of America (WGA), and the 65,000 actors in the Screen Actors Guild-American Federation of Television and Radio Artists (SAG-AFTRA). Future higher wages could be an additional pressure on future interest rates. *Investors should expect “higher for longer” as the most likely scenario for the rest of the year.*

Initial Jobless Claims



Source: Bloomberg, September 8, 2023



Week of **September 11, 2023**

S&P 500 Still In A Correction

The S&P 500 is still in a corrective phase without having any signs of a bottom. This week we take a look at the daily Relative Strength Index (RSI), which gives us a measure of overbought or oversold. As you can see in the chart, the RSI line is falling and has not crossed into the oversold zone (below the green line). Note that last September, just before the October bottom, the indicator was giving an oversold reading. The current indicator suggests there is still more work to be done on the downside. But we view this as a consolidation of the rally this year, when the index was up 15%. Strong support is near the 4200 level. *We remain buyers of equities.*

S&P 500 Index with Relative Strength Index (RSI) – Not Oversold Yet



Source: Bloomberg, September 9, 2023

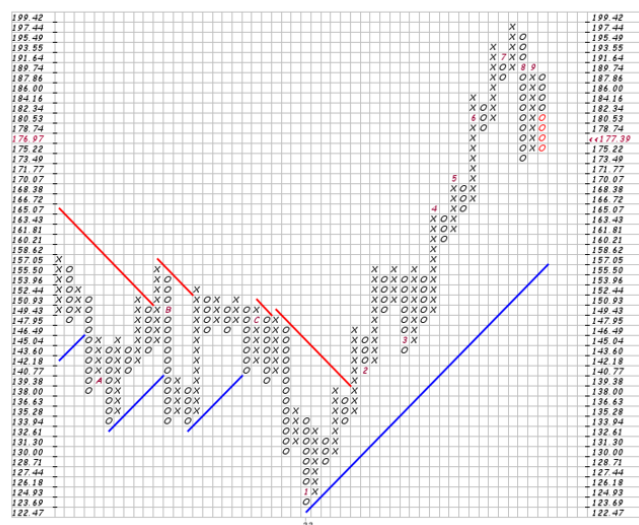
Taking A Bite Out Of Apple

Apple (AAPL) is the largest stock in the market overall and within the S&P 500 (a 7% weighting). There is growing concern as China has banned the use of iPhones for government employees. There is also concern over earnings growth and iPhone sales overall. So, the stock has been under pressure. To determine how significant a decline can be for AAPL, we look at its point-and-figure chart, which provides an excellent way of determining the concentration of supply and demand for a stock. In the chart below, you can see the breakout of the stock, but now the stock is consolidating the move. There is a significant amount of demand for the stock near \$157. Should the stock fall to this level, it would be a 20% pullback. This would be after a 53% rally this year. A good rule of thumb for market moves is that 1/3 to 1/2 of a move can be retraced. So, should the stock move to this level, it would be considered a normal consolidation of the recent up move. We don't believe this would be a signal that something more significant is happening with the stock itself or the equity market overall.

Apple

AAPL Apple, Inc. Nasdaq Global Select Mkt.
07-Sep-2023, 12:37 ET, daily, O: 175.18, H: 178.21, L: 173.54, C: 177.39, V: 69123520, Chg: -5.52 (-3.02%)
No recent chart pattern found
Scaling: Percentage [Reversal: 3, Box Size: 1.0%]

(c) StockCharts.com



Source: StockCharts.com, September 7, 2023



Week of **September 11, 2023**

U.S. Dollar Rallying as Crude Oil Rallies

The U.S. Dollar has been rallying against a basket of other currencies. The near-term trend is up, and the dollar looks to rally an additional 5%-6% near 110-111. As the U.S. dollar rallies, so does crude oil. Oil had been rallying, then Saudi Arabia and Russia announced they are extending their oil cuts, moving crude oil much higher. *How high can it go?* The first stop is near \$95, but \$100 cannot be ruled out. How cold this winter gets should also impact the move. In addition, U.S. Strategic Petroleum Reserve (SPR) is at a 40-year low. The U.S. needs to buy oil to rebuild the SPR. Long-term demand is expected to remain high, out to 2030-2050. The Energy sector remains one of the cheapest areas of the market. *Energy remains the best value in the market, in our view.*

U.S. Dollar Index (DXY) – Pushing Higher And Looking To Test 110-111



Source: Bloomberg, September 7, 2023

More Supply Cuts From Saudi Arabia And Russia Move Crude Oil Higher

WTI Crude Oil Rallying: WTI Crude Oil Has Broken To The Upside With Target Move \$95-\$97



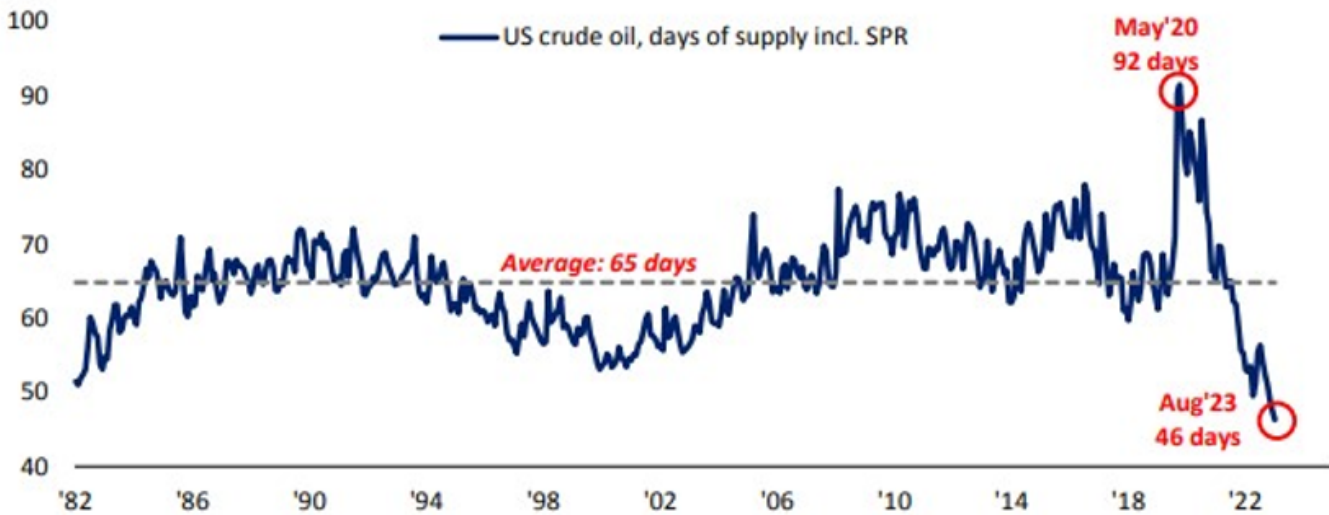
Source: StockCharts.com, September 6, 2023



Week of **September 11, 2023**

U.S. Oil Reserves at a 40-Year Low!

US crude oil, days of supply including Strategic Petroleum Reserve (SPR)



Source: BofA Global Investment Strategy, Bloomberg, Global Financial Data

BofA GLOBAL RESEARCH

Energy Fueling Higher With Long-Term Demand: Energy Stocks Have Potential To Make New Highs

Invesco S&P 500 Equal-Weight ETF (RSPG) With Relative Price Confirming The Move





Week of **September 11, 2023**

Remembering 9/11 And An Economic Lesson

Today is September 11, 2023, the 22nd anniversary of the terrorist attacks that took so many lives at the World Trade Center, the Pentagon, and United Flight 93. We all have a story of where we were that day, and today we reflect and remember.

In a business context, it's important to remember and understand that the equity market on that day was already in a bear market and it did not bottom until 2002. But the markets would go on to survive the technology bubble and one of the worst disasters in U.S. history. With resilience and determination, markets recovered, and Ground Zero was rebuilt into a new World Trade Center, in a deeply reflective way to memorialize the tragic event in 2001. Why do we bring this up? Because the U.S. economy and markets are resilient, and they always recover. This is why long-term investing works. Yes, you have to endure the bad times along with the good times and that does not always feel good, but markets and economies recover to achieve even greater heights. So, please honor this day in your own personal way. We will never forget. But also, be encouraged: equity markets today are up 525% on a total return basis since 9/11/01.

Data Dependency

This is the week that more economic data will tee up the Fed's next move – or pause.

In his closing remarks at Jackson Hole, Fed Chair Jerome Powell reiterated his consistent theme of "Keeping At It" —a reference to the book title of former Fed Chair Paul Volcker. Like Volcker, Chair Powell is committed to also crushing inflation and will do what is necessary to accomplish this task. So, as more inflation rolls in (this week it's Core CPI, Core PPI, and Retail Sales), expect the data-dependent Fed to get ready to react, or not. If the economic data is as expected or softer, then a hold on interest rates is what we'll get. But if the data shows any signs of inflation or even risk to inflation, then the Fed is likely to raise rates again.



Calendar

Mon.

None scheduled
Earnings

Casey's General, FuelCell Energy, Oracle

Tue.

None scheduled
Earnings

No noteworthy earnings reports

Wed.

8:30 am
Earnings

Consumer price index
Cracker Barrel Old Country Store, REV Group

Thu.

8:30 am
10:00 am
Earnings

Initial jobless claims, Producer price index, U.S. retail sales
Business inventories
Adobe, Korn/Ferry, Lennar

Fri.

8:30 am
9:15 am
10:00 am
Earnings

U.S. import prices, Empire State manufacturing survey
Industrial production, Capacity utilization
Consumer sentiment (prelim)
No noteworthy earnings reports

Source: MarketWatch/Kiplinger

Sanctuary makes no representation as to the accuracy or completeness of information contained herein. The information is based upon data available to the public and is not an offer to sell or solicitation of offers to buy any securities mentioned herein. Any investment discussed may not be suitable for all investors. Investors must make their own decisions based on their specific investment objectives and financial circumstances. Investments are subject to risk, including but not limited to market and interest rate fluctuations. Any performance data represents past performance which is no guarantee of future results. Prices/yields/figures mentioned herein are as of the date noted unless indicated otherwise. All figures subject to market fluctuation and change. Additional information available upon request.

Securities offered through Sanctuary Securities, Member FINRA and SIPC.
Advisory services offered through Sanctuary Advisors, LLC, and SEC registered investment advisor.



250 W 96th Street, Suite 300
Indianapolis, IN 46260
(317) 975-7729