



# Week Ahead

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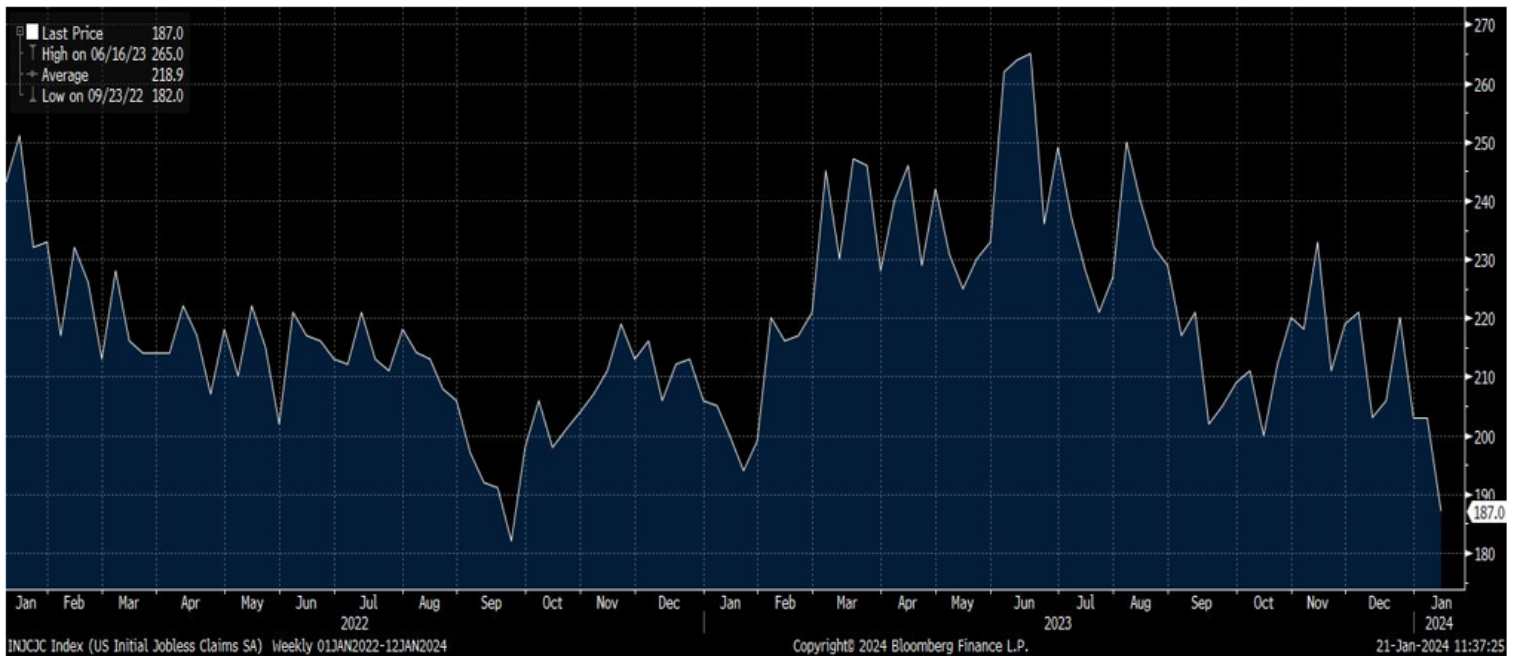
## Week of January 22, 2024

### Initial Jobless Claims Have Fallen Sharply – Job Market Still Strong

**The employment backdrop appears to remain robust with initial jobless claims falling below 200,000. The economy also is maintaining its positive momentum as 4Q23 GDP growth is estimated to be 2.4%.**

Therefore, we can expect the Federal Reserve to be scrutinizing inflation measures as the key signal for when it should consider reducing interest rates.

### Weekly Initial Jobless Claims Fall Below 200,000



 **Week of January 22, 2024**

## GDPNow Forecast Is 2.4% 4Q23 Economic Growth

The estimated economic growth forecast for 4Q23 is improving and now stands at 2.4%, showing that economic momentum slowed from 4.9% in 3Q23 – but it remains at a healthy level as we enter 2024. This should provide an improved backdrop for corporate earnings.

## GDPNow 4Q23 Forecast

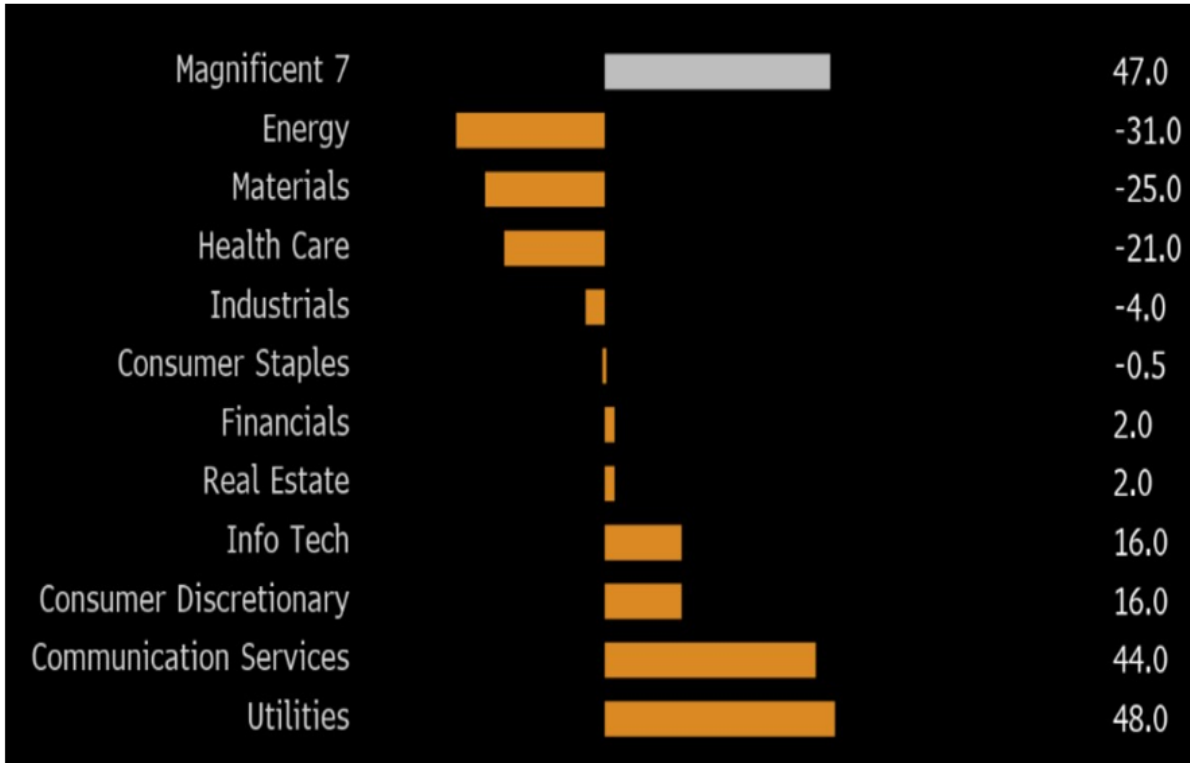


## So Far 4Q23 Earnings Weaker Due To Financials

According to FactSet, 10% of the companies in the S&P 500 have reported actual results for Q4 2023 to date. Of these companies, 62% have reported actual EPS above estimates, which is below the 5-year average of 77% and below the 10-year average of 74%. In aggregate, companies are reporting earnings that are 18.1% below estimates, which is below the 5-year average of 8.5% above estimates and below the 10-year average of 6.7% above estimates. But this is still early in the season. Taking a sector view as to where earnings are expected to rise, the Magnificent 7 [Apple (AAPL), Microsoft (MSFT), Alphabet (GOOGL), Amazon (AMZN), Nvidia (NVDA), Tesla (TSLA) and Meta Platforms (META)] is still expected to have the one of the best earnings growth rates in the quarter (according to Bloomberg), followed by Utilities, Communications Services, Discretionary and Technology (see accompanying chart).

 **Week of January 22, 2024**

### 4Q23 Estimated Sector Earnings



Source: Bloomberg, January 21, 2024

### The Magnificent 7 Still Leadership With Record Highs



## Week of January 22, 2024

### S&P 500, Nasdaq 100 And Dow Jones Industrial Average Hit Record All-Time Highs

The correction in early January was short-lived – only 2%-4% – and appears to be completed. The market quickly recovered to reach record all-time highs in all the major averages: S&P 500, Nasdaq 100 and the Dow Jones Industrial Average. The weekly price momentum indicator Moving Average Convergence/Divergence (MACD) is pointing to continued higher highs. We maintain our outlook for the S&P 500 to reach 5200-5400. The Nasdaq is expected to outperform due to the heavy weighting in Technology, which remains the leadership of this market.

#### Weekly S&P 500 With MACD: New Highs With Positive Price Momentum



#### Weekly Nasdaq 100 With MACD: New Highs With Positive Price Momentum



 **Week of January 22, 2024**

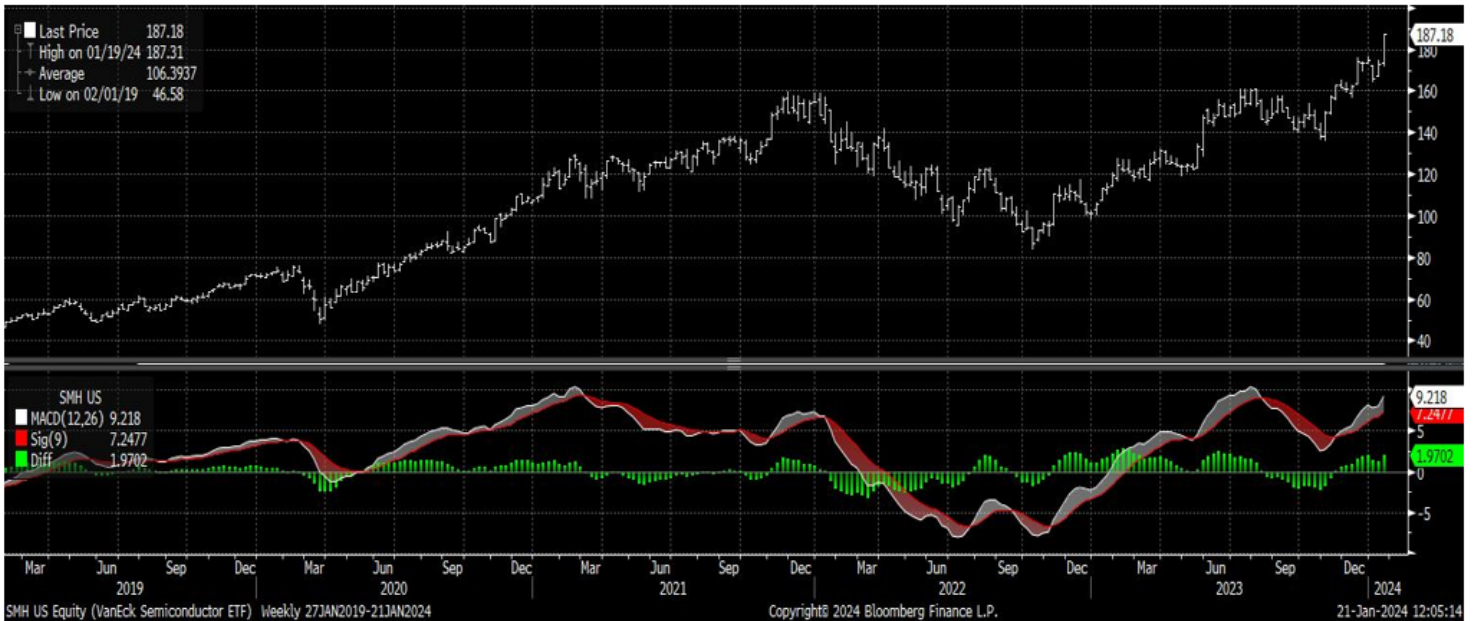
**Weekly Dow Jones Industrial Average With Positive Momentum**



**VanEck Semiconductor ETF (SMH) – Leadership With Major Breakout and New Highs**

Semiconductors are the leadership of this Bull market. A major multi-year breakout confirms this leadership, and the MACD price momentum indicator points to continued gains.

**Weekly VanEck Semiconductor ETF with MACD: Momentum Positive**





Week of January 22, 2024

## Growth Beating Value – Still Believe We Are In A Super Cycle For Growth



## The Japanese Equity Market Remains On Fire, Approaching Record All-Time Highs

In our 2024 Year Ahead Outlook, we highlighted the Japanese equity market as we believed it would test its record high from January 22, 1990 -- 34 years ago! The market looks to be on this path. If the market tests and eventually makes new highs and holds them, it will indicate a new secular bull market for Japan!

## Nikkei 225 Index Nearing Its Record All-Time High From 1990!



## Week of January 22, 2024

### 10-Year Treasury Rates Might Be Nearing Test Of Resistance

The 10-Year yield broke trend and is expected to fall, but near-term rates have been rallying to test resistance near 4.2%-4.3%. This rally might be close to being completed.

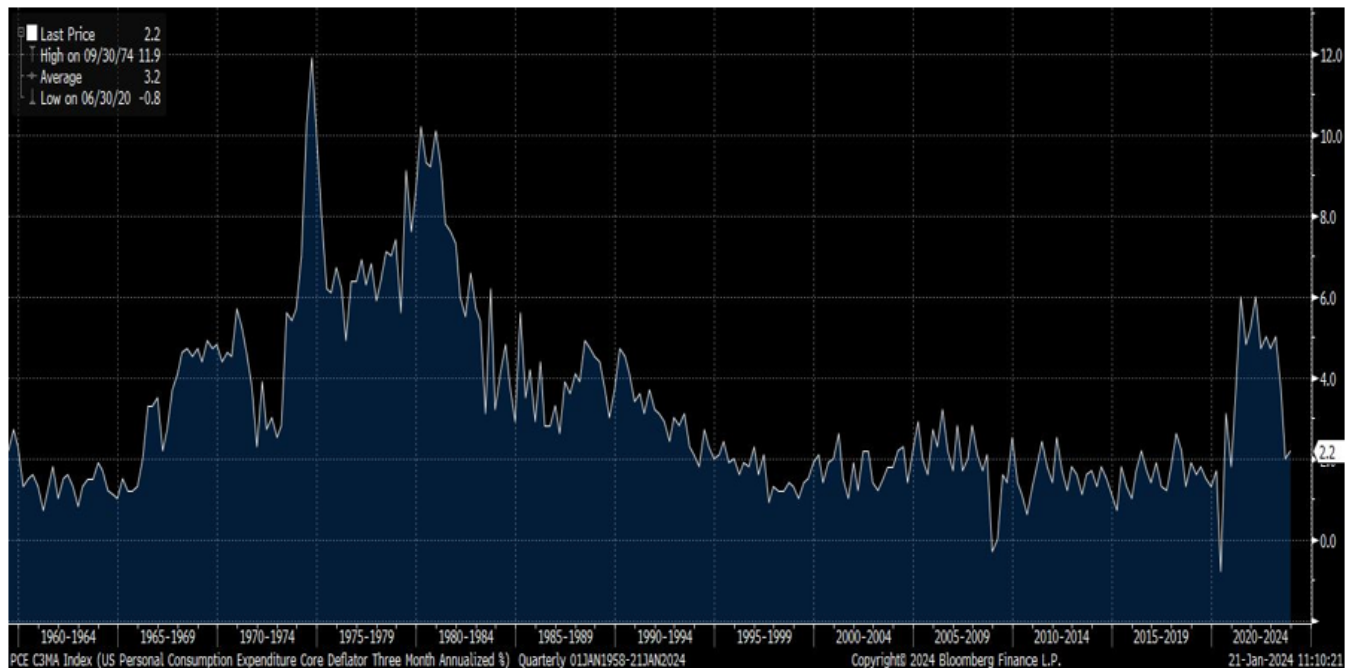
### Weekly 10-Year US Treasury Yield: Yields To Test Resistance Near 4.2%-4.3%



### Personal Consumption Expenditure Core (PCE) Deflator 3-Month Annualized At 2.2%

Last month's 3-month annualized PCE Deflator already has reached the 2% level. This week, the Fed will be eagerly awaiting the release of its favorite inflation gauge: the print of the PCE comes out on Friday. Lower inflation will fuel expectations of interest rates to come down sooner rather than later this year.

### PCE Deflator 3-Month Annualized at 2%!





## Week of January 22, 2024

### Market Performance

|  | Last<br>1/19/2024 | Month<br>End<br>12/29/2023 | Month<br>to<br>Date | Quarter<br>End<br>12/29/2023 | Quarter<br>to<br>Date | Year<br>End<br>12/29/2023 | Year<br>to<br>Date | Year<br>Ago<br>1/19/2023 | Year<br>To<br>Year |
|--|-------------------|----------------------------|---------------------|------------------------------|-----------------------|---------------------------|--------------------|--------------------------|--------------------|
| S&P 500  | 4839.81           | 4769.83                    | 1.5%                | 4769.83                      | 1.5%                  | 4769.83                   | 1.5%               | 3898.85                  | 24.1%              |
| NASDAQ Composite                                     | 15310.97          | 15011.35                   | 2.0%                | 15011.35                     | 2.0%                  | 15011.35                  | 2.0%               | 10852.27                 | 41.1%              |
| NASDAQ 100   | 421.18            | 409.52                     | 2.8%                | 409.52                       | 2.8%                  | 409.52                    | 2.8%               | 275.15                   | 53.1%              |
| Russell 2000   | 1944.39           | 2027.07                    | -4.1%               | 2027.07                      | -4.1%                 | 2027.07                   | -4.1%              | 1836.35                  | 5.9%               |
| S&P Consumer Discretionary Sector                    | 1397.23           | 1418.09                    | -1.5%               | 1418.09                      | -1.5%                 | 1418.09                   | -1.5%              | 1055.81                  | 32.3%              |
| S&P Consumer Staples Sector                          | 763.37            | 762.32                     | 0.1%                | 762.32                       | 0.1%                  | 762.32                    | 0.1%               | 752.72                   | 1.4%               |
| S&P Energy Sector                                    | 612.33            | 640.05                     | -4.3%               | 640.05                       | -4.3%                 | 640.05                    | -4.3%              | 686.38                   | -10.8%             |
| S&P Financial Sector                                 | 630.96            | 626.35                     | 0.7%                | 626.35                       | 0.7%                  | 626.35                    | 0.7%               | 578.61                   | 9.0%               |
| S&P Health Care Sector                               | 1625.99           | 1590.37                    | 2.2%                | 1590.37                      | 2.2%                  | 1590.37                   | 2.2%               | 1552.99                  | 4.7%               |
| S&P Industrials Sector                               | 952.12            | 964.73                     | -1.3%               | 964.73                       | -1.3%                 | 964.73                    | -1.3%              | 826.29                   | 15.2%              |
| S&P Information Technology Sector                    | 3565.21           | 3397.16                    | 4.9%                | 3397.16                      | 4.9%                  | 3397.16                   | 4.9%               | 2231.84                  | 59.7%              |
| S&P Materials Sector                                 | 518.55            | 539.62                     | -3.9%               | 539.62                       | -3.9%                 | 539.62                    | -3.9%              | 511.31                   | 1.4%               |
| S&P Real Estate Sector                               | 243.07            | 251.58                     | -3.4%               | 251.58                       | -3.4%                 | 251.58                    | -3.4%              | 243.82                   | -0.3%              |
| S&P Communications Sector                            | 256.42            | 246.00                     | 4.2%                | 246.00                       | 4.2%                  | 246.00                    | 4.2%               | 170.34                   | 50.5%              |
| S&P Utilities Sector                                 | 309.79            | 321.92                     | -3.8%               | 321.92                       | -3.8%                 | 321.92                    | -3.8%              | 349.93                   | -11.5%             |
| S&P 500 Total Return                                 | 10486.44          | 10327.83                   | 1.5%                | 10327.83                     | 1.5%                  | 10327.83                  | 1.5%               | 8310.75                  | 26.2%              |
| 3 month Treasury Bill Price                          | 98.66             | 98.66                      | 0.0%                | 98.66                        | 0.0%                  | 98.66                     | 0.0%               | 98.84                    | -0.2%              |
| 3 month Treasury Bill Total Return                   | 244.70            | 243.98                     | 0.3%                | 243.98                       | 0.3%                  | 243.98                    | 0.3%               | 232.47                   | 5.3%               |
| 10 Year Treasury Bond Future                         | 111.13            | 112.89                     | -1.6%               | 112.89                       | -1.6%                 | 112.89                    | -1.6%              | 115.64                   | -3.9%              |
| 10 Year Treasury Note Total Return                   | 290.41            | 294.12                     | -1.3%               | 294.12                       | -1.3%                 | 294.12                    | -1.3%              | 292.44                   | -0.7%              |
| iShares 20+ Year Treasury Bond ETF                   | 94.09             | 98.88                      | -4.8%               | 98.88                        | -4.8%                 | 98.88                     | -4.8%              | 107.95                   | -12.8%             |
| S&P Municipal Bond Total Return                      | 270.34            | 272.94                     | -1.0%               | 272.94                       | -1.0%                 | 272.94                    | -1.0%              | 265.01                   | 2.0%               |
| iShares S&P National Municipal Bond NAV              | 107.64            | 108.42                     | -0.7%               | 108.42                       | -0.7%                 | 108.42                    | -0.7%              | 108.14                   | -0.5%              |
| S&P 500 Investment Grade Corporate Bond Total Return | 450.25            | 455.89                     | -1.2%               | 455.89                       | -1.2%                 | 455.89                    | -1.2%              | 438.76                   | 2.6%               |
| S&P Investment Grade Corporate Bond                  | 90.53             | 91.76                      | -1.3%               | 91.76                        | -1.3%                 | 91.76                     | -1.3%              | 91.47                    | -1.0%              |
| S&P Investment Grade Corporate Bond Total Return     | 477.13            | 482.66                     | -1.1%               | 482.66                       | -1.1%                 | 482.66                    | -1.1%              | 462.59                   | 3.1%               |
| SPDR Bloomberg High Yield Bond ETF                   | 94.38             | 94.73                      | -0.4%               | 94.73                        | -0.4%                 | 94.73                     | -0.4%              | 93.16                    | 1.3%               |
| iShares iBoxx High Yield Corporate Bond ETF          | 77.17             | 77.39                      | -0.3%               | 77.39                        | -0.3%                 | 77.39                     | -0.3%              | 76.02                    | 1.5%               |
| Gold   | 2029.49           | 2062.98                    | -1.6%               | 2062.98                      | -1.6%                 | 2062.98                   | -1.6%              | 1932.24                  | 5.0%               |
| Bitcoin  | 41602.18          | 41935.34                   | -0.8%               | 41935.34                     | -0.8%                 | 41935.34                  | -0.8%              | 20939.64                 | 98.7%              |

Source: Bloomberg, *o* January 21, 2024

### Data Heavy Week Including Important Inflation Data – All Could Be Market-Moving

**This is the week that inflation data will set the stage for possible Fed rate action at month end.**

This week is heavy with economic data releases plus continued earnings announcements, but it's the Core PCE (Personal Consumption Expenditures Price Index) inflation information that will be watched closest by all Fed Governors. They'll use this data to determine when they may begin to lower interest rates. The Federal Open Market Committee (FOMC) meets next on January 30-31, and we will get the first glimpse into how the Fed will treat interest rates for 2024.





# Calendar

**Mon.**

10:00 am U.S. leading economic indicators

Earnings: Agilysys, AGNC Investment, Brown & Brown, Independent Bank Group, TFI International (TFII), United Airlines, Zions Bancorp

**Tue.**

Earnings: 3M, Baker Hughes, Canadian National Railway, D.R. Horton, General Electric, Halliburton, Intuitive Surgical, Invesco, Johnson & Johnson, Lockheed Martin, Netflix, Old National Bancorp, PACCAR, Procter & Gamble, RTX, Synchrony Financial, Steel Dynamics, Stride, Teck Resources, Texas Instruments, Trustmark, Veritex Holdings, Verizon Communications, WesBanco

**Wed.**

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

Earnings: Abbott Labs, Agnico-Eagle Mines, Alamos, Ameriprise Financial, Amphenol, ASML, AT&T, Canadian Pacific, Cohen & Steers, Columbia Banking, Crown Castle, CSX, Elevance Health, Ethan Allen, Freeport-McMoRan, General Dynamics, International Business Machines, Kimberly-Clark, Knight-Swift, Lam Research, Monro Muffler, Packaging Corp, Plexus, Raymond James, ResMed, Sallie Mae, SAP, Seagate Technology, ServiceNow, SL Green Realty, TE Connectivity, Teledyne Tech, Tesla, Textron, United Rentals, W.R. Berkley, West Fraser

**Thu.**

8:30 am Q4 GDP (prelim), Initial jobless claims, Durable-goods orders, Durable-goods minus transportation, Advanced U.S. trade balance in goods, Advanced retail inventories, Advanced wholesale inventories

10:00 am New home sales

Earnings: Alaska Air, American Airlines, Arthur J. Gallagher, Blackstone, Capital One, CNX Resources, Comcast, Cullen/Frost, Dow, Eagle Materials, Fair Isaac, Federated Hermes, Intel, KLA Corp, L3Harris, Marsh & McLennan, McCormick, Mobileye Global, Murphy Oil, NextEra Energy, NextEra Energy Partners, Northrop Grumman, Olin, Precision Drilling, RPC, Sherwin-Williams, STMicroelectronics, T-Mobile US, Union Pacific, Valero Energy, Virtu Financial, Visa, Western Alliance Bancorp, Western Digital, Weyerhaeuser, Xcel Energy

**Fri.**

8:30 am Personal income, Personal spending, PCE index, Core PCE index, PCE (year-over-year), Core PCE (year-over-year)

10:00 am Pending home sales

Earnings: American Express, Autoliv, Badger Meter, Booz Allen Hamilton, Colgate-Palmolive, First Hawaiian, Fortis, Gentex, Imperial Oil, Norfolk Southern, Southside Banc, Stellar Bank

Source: MarketWatch/Kiplinger

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