

🖶 Week of February 12, 2024

Global Leading Markets: US, Japan and Europe – What's Next?

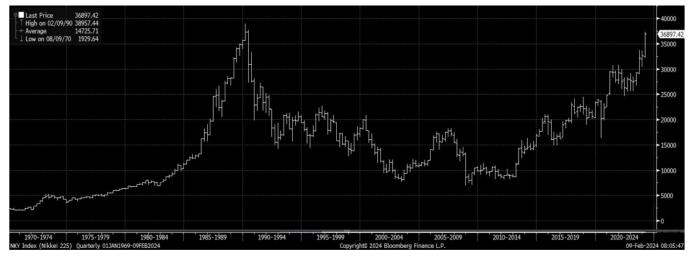
It's not just the U.S. equity market that's rallying, but global markets – such as Europe and Japan – are also rallying.

This is a broad global move! And when you look at the rallies in the local currencies, Japan is leading the way.

Japanese Equities Strongest This Year, Up 10%

In local currency (Yen), the Nikkei 225 has rallied 10% (up 4% in US Dollars) and is approaching its record all-time high set way back in 1990 – *that's a very long time ago marketwise!* We wrote in our 2024 Year Ahead Outlook that we thought the market would test its old highs with a possibility of setting new record highs. If new highs are made and can hold, it would signal that the Japanese equity market is in a new secular bull market. *This is big!*

Japan Nikkei 225 Equity Index Approaches 1990 All-Time Highs

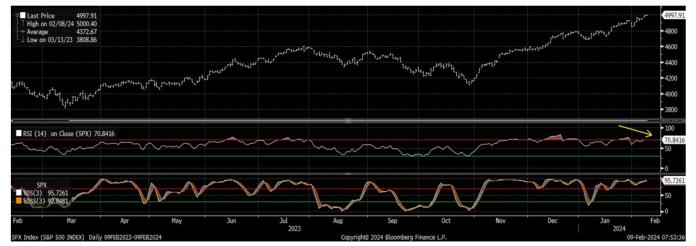


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The Big "5": S&P 500, Up Almost 5%, Nears 5000

The S&P 500 is at 5000, rallying nearly 5% so far this year. The market is overbought and some price momentum indicators – such as the Relative Strength Index (RSI) – are not hitting new highs while the market itself is hitting a new high; this mismatch is signaling that momentum is waning. A correction could be coming in the range of 5%-10%, but we remain bullish and believe the market is marching to 5200-5400. Concerns are building on select regional banks, but we don't see any major systemic risk to the banking system or economy. We continue to believe that Banks are value traps. We can get volatility from this sector, especially since U.S. Secretary of Treasury Janet Yellen and several Federal Reserve Governors have highlighted risks to this area of the market. Technology remains as the market leadership with Semiconductors the "Leader of the Pack." Software is also performing extremely well. Other strong sectors are Industrials as well as Healthcare – which is picking up and just moved to record new highs.

S&P 500 With Daily RSI and Stochastic With Overbought Readings



S&P 500 With Weekly Fibonacci Levels Pointing to 5400



Earnings Are Up Y-O-Y for 4Q23, Thank You Info Tech

According to FactSet, on January 19, earnings for 4Q 2023 showed an expected year-over-year decline of -1.8%. But the S&P 500 is now reporting year-over-year growth in earnings of 1.6% – with the largest contributor to this increase in earnings coming from Information Technology. A series of positive surprises were reported by Microsoft (\$2.93 vs. \$2.77), Apple (\$2.18 vs. \$2.10), QUALCOMM (\$2.75 vs. \$2.37), and Intel (\$0.54 vs. \$0.45). Overall, the blended earnings growth rate for the Information Technology sector has improved to 19.8% from the original Jan. 19 report of 15.9%. With earnings remaining scarce, Growth stocks should continue to outperform Value stocks.

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Europe Has Rallied 4.5%, Breaking Key Levels

The European Stoxx 50 index is breaking above key resistance levels set all the way back in 2007, and is pointing to a test of the record highs from 2000. The market is up 4.5% in local currency (2% in US Dollars). *Clobal equity markets look to remain strong this year*.

European Stoxx 50 Breaking Out From 2007 Highs



Week of February 12, 2024

Market Performance

		Month	Month	Quarter	Quarter	Year	Year	Year	Year
	Last	End	to	End	to	End	to	Ago	То
	2/9/2024	1/31/2024	Date	12/29/2023	Date	12/29/2023	Date	2/9/2023	Year
S&P 500	5026.61	4845.65	3.7%	4769.83	5.4%	4769.83	5.4%	4081.50	23.2%
NASDAQ Composite	15990.66	15164.01	5.5%	15011.35		15011.35		11789.58	35.6%
NASDAQ 100	437.05	416.97	4.8%	409.52		409.52	6.7%	301.68	44.9%
Russell 2000	2009.99	1947.34	3.2%	2027.07		2027.07		1915.34	4.9%
S&P Consumer Discretionary Sector	1450.31	1367.70	6.0%	1418.09		1418.09	2.3%	1164.75	24.5%
S&P Consumer Staples Sector	775.65	772.80	0.4%	762.32		762.32	1.7%	755.67	2.6%
S&P Energy Sector	635.81	636.73	-0.1%	640.05		640.05	-0.7%	665.97	-4.5%
S&P Financial Sector	649.17	644.54	0.7%	626.35		626.35	3.6%	603.75	7.5%
S&P Health Care Sector	1678.00	1635.58	2.6%	1590.37		1590.37	5.5%	1528.98	9.7%
S&P Industrials Sector	989.85	955.86	3.6%	964.73		964.73	2.6%	857.89	15.4%
S&P Information Technology Sector	3742.20	3529.92	6.0%	3397.16		3397.16	10.2%	2461.49	52.0%
S&P Materials Sector	524.12	518.41	1.1%	539.62		539.62	-2.9%	515.10	1.8%
S&P Real Estate Sector	241.26	239.54	0.7%	251.58		251.58	-4.1%	251.66	-4.1%
S&P Communications Sector	275.17	257.91	6.7%	246.00	11.9%	246.00	11.9%	181.47	51.6%
S&P Utilities Sector	305.72	312.07	-2.0%	321.92		321.92		336.99	-9.3%
S&P 500 Total Return	10747.25	10501.38	2.3%	10327.83		10327.83		8705.58	23.5%
3 month Treasury Bill Price	98.66	98.66	0.0%	98.66		98.66		98.81	-0.2%
3 month Treasury Bill Total Return	245.19	245.05	0.1%	243.98		243.98	0.5%	233.07	5.2%
10 Year Treasury Bond Future	110.58	112.33	-1.6%	112.89		112.89		113.03	-2.2%
10 Year Treasury Note Total Return	292.40	294.07	-0.6%	294.12		294.12		286.61	2.0%
iShares 20+ Year Treasury Bond ETF	93.85	96.66	-2.9%	98.88		98.88	-5.1%	104.56	-10.2%
S&P Municipal Bond Total Return	272.08	272.53	-0.2%	272.94		272.94	-0.3%	263.90	3.1%
iShares S&P National Municipal Bond NAV	107.71	108.19	-0.4%	108.42		108.42	-0.7%	107.45	0.2%
S&P 500 Investment Grade Corporate Bond Total Return	449.47	455.62	-1.3%	455.89		455.89	-1.4%	433.51	3.7%
S&P Investment Grade Corporate Bond	90.47	91.49	-1.1%	91.76		91.76		90.42	0.1%
S&P Investment Grade Corporate Bond Total Return	477.95	482.96	-1.0%	482.66		482.66	-1.0%	458.28	4.3%
SPDR Bloomberg High Yield Bond ETF	94.75	94.87	-0.1%	94.73		94.73		92.45	2.5%
iShares iBoxx High Yield Corporate Bond ETF	77.36	77.48	-0.2%	77.39		77.39		75.36	2.7%
Gold	2024.26	2039.52	-0.7%	2062.98		2062.98	-1.9%	1861.78	8.7%
Bitcoin	47547.04	42458.43	12.0%	41935.34	13.4%	41935.34	13.4%	21857.43	117.5%

Source: Bloomberg, Sanctuary Wealth, February 10, 2024

The Data Just Keeps Coming

This week will test the S&P 500's ability to break 5000 and hold there.

There was nothing shocking about last week's revisions to CPI (Consumer Price Index), so we'll just keep moving forward, parsing fresh data sets released this week on retail sales, housing data, and most importantly, new inflation data from both CPI and PPI. Yet the question that will be on everyone's mind is: Will the S&P 500 continue to rally and hold above 5000 ... or is a correction coming?

Calendar

Mon.	9:20 am Fed Gov. Michelle Bowman speaks 1:00 pm Minneapolis Fed President Neel Kashkari speaks 2:00 pm Monthly U.S. federal budget Earnings: Arista Networks, Avis Budget, Blackbaud, Brighthouse Financial, Cadence Design Systems, Federal Realty, Goodyear Tire, Hudson Pacific Properties, Lattice Semiconductor, Monday.com, Medpace, Otter Tail Power, Principal Financial Group, Service Co, Teradata, Trimble, Vornado Realty Trust, Waste Management, Watts Water Technologies, ZoomInfo
Tue.	8:30 am Consumer price index, Core CPI Earnings: Airbnb, Akamai Technologies, Alcon, American International Group, Angi, AutoNation, Biogen, Coca-Cola, Comstock, Corsair Gaming, Datadog, DaVita, Denny's, Ecolab, Encore Wire, Entegris, EQT Corp., Franklin Electric, GlobalFoundries, GoDaddy, GXO Logistics, Hasbro, Hawaiian Electric, Herc Holdings, Howmet Aerospace, IAC Inc., Incyte, Instacart, Invitation Homes, Kratos Defense and Security, Krispy Kreme, Leidos, Lyft, Marriott, MCM Resorts, Molson Coors Brewing, Moody's, Pan Am Silver, Primerica, Restaurant Brands International, Robinhood Markets, SiTime, STAG Industrial, Topgolf Callaway Brands, TPG Inc., TransUnion, Upstart, Watsco, Welltower, Wesco, WK Kellogg, Zillow, Zoetis
Wed.	 9:30 am Chicago Fed President Austan Goolsbee speaks 4:00 pm Fed Vice Chair for Supervision Michael Barr speaks Earnings: Albemarle, Altice USA, American Water Works, Antero Midstream, AppLovin, Arch Capital, Avient, Canadian Natural Resources, Cenovus Energy, Ceva, CF Industries, Charles River, Chefs' Warehouse, Chemours, Cisco Systems, CME Group, CNH Industrial, Conduent, Energy Transfer, Equinix, Fastly, First Majestic Silver, Four Corners Property Trust, Franco-Nevada, Generac Holdings, Global Payments, Hecla Mining, Herbalife Nutrition, HubSpot, Informatica, IQVIA, JFrog, Kinross Gold, Kornit Digital, Kraft Heinz, Lithia Motors, Louisiana-Pacific, Magnolia Oil & Gas, Manitowoc, Manulife Financial, Martin Marietta Materials, NerdWallet, Nu Skin, Occidental Petroleum, Owens Corning, Paramount Group, Parsons, Patterson-UTI, QuantumScape, Royal Gold, Ryder System, SAGE Therapeutics, Suncor Energy, Sunoco, Taylor Morrison Home, Tower Semiconductor, TripAdvisor, Twilio, Upwork, Veeco Instruments, Waste Connections, Williams Cos, Wyndham Hotels & Resorts
Thu.	 8:30 am Initial jobless claims, Empire State manufacturing survey, Philadelphia Fed manufacturing survey, Import price index, U.S. retail sales 9:15 am Industrial production, Capacityutilization 10:00 am Home builder confidence index 1:15 pm Fed Gov. Christopher Waller speaks 7:00 pm Atlanta Fed President Raphael Bostic speaks Earnings: Agnico-Eagle Mines, Applied Materials, Arch Coal, BJ Restaurants, Bloom Energy, CBRE Group, Cohu, Coinbase Global, Con Edison, Crocs, Deere, Digital Realty Trust, DoorDash, DraftKings, Dropbox, Genuine Parts, Clobant, Hanesbrands, Hyatt Hotels, IdaCorp, Ingersoll-Rand, Insight Enterprises, InterDigital, Ironwood Pharma, Laboratory Corp, Lincoln Electric, LTC Properties, LXP Industrial Trust, Mercer International, Organon, PENN Entertainment, Reliance Steel, Roku, Sabre, Shake Shack, SharkNinja, ShockWave Medical, Southern, SunPower, Tanger Factory, Texas Roadhouse, The Trade Desk, Toast, TriNet Group, US Foods, Vontier, Walker & Dunlop, Wendy's, West Fraser, Yelp, YETI Holdings, Zebra Technologies
Fri.	8:30 am Housing starts, Building permits, Producer price index 9:10 am Fed Vice Chair for Supervision Michael Barr speaks 10:00 am Consumer sentiment (prelim) 12:10 pm San Francisco Fed President Mary Daly speaks Earnings: American Axle, Barnes Group, Cinemark, DT Midstream, Healthcare Realty, Portland General Electric, PPL Corp, TC Energy, TreeHouse Foods, Vulcan Materials

Source: MarketWatch/Kiplinger

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3815 River Crossing Pkwy, Suite 200 Indianapolis, IN 46260