



Week Ahead

The Longo Group
 Advisors-Ted Longo, Steve Longo, & Chris Collins
 Phone: 985-445-1042
 Toll-Free: 833-475-6646
 info@longogroup.net
 www.longogroup.net

Week of February 26, 2024

NVIDIA Earnings Trump Fed Comments – Markets Hit All-Time Highs

In last week’s release of the minutes from the last FOMC meeting, there were some hawkish comments that underscored ongoing concerns about inflation. The comments focused on the risks of cutting interest rates too quickly, and there was stated apprehension that the inflation process could stall.

But the Fed minutes did not negatively impact the direction of the markets as NVIDIA (NVDA) again reported blowout earnings, revenue, and future financial growth due to the demand for its artificial intelligence (AI) products. NVIDIA’s gross margins are staggering – coming in at the mid-70s percent range which is much higher than other semiconductor companies. The equity markets took the results as a huge positive and drove stocks to record all-time highs on the Dow Jones Industrial Average (DJIA), S&P 500, Nasdaq 100, New York Stock Exchange Composite, and the Wilshire 5000. *All the equity market averages hitting record highs is confirmation that we remain in a strong bull market! The Bull bucked but decided to run instead.*

New York Stock Exchange Composite – New Record All-Time High



Week of February 26, 2024

FT Wilshire 5000 Index – New Record All-Time High



Despite Overbought Readings, Bullish Sentiment and Negative Divergence Markets Plow Higher

Stocks had a minor pullback but rallied to record highs with the joy of the spectacular earnings and projected outlook from NVDA. As previously reported, we expected the pullback – but frankly, we would have welcomed a deeper correction in the markets. Still, the recent move is sustainable with all the major equity market averages moving to record highs. There may be periods of volatility ahead, but the trend is clearly higher.

Raising Target Range On S&P 500: 5400-5800

Given the broad breakout in the equity market benchmark indices we are raising our target on the S&P 500 for this year to a range of 5400-5800 from our original forecast of 5200-5400. Our longer-term projected target has moved to a range of 6100-7000 from just 6144. There's only one average that has not yet hit a new high and that's the Dow Jones Transportation Index (DJTI). We would love to see DJIT join the action and hit a record high. Why? In Dow Theory, for the confirmation of a new market high, both the DJIA and DJTI averages should hit highs together. However, this concept was originally espoused when the U.S. economy was industrial based. Today we are in a Digital Economy, so the important confirmation is actually from the Nasdaq – and we did get a new record high from the Nasdaq 100. The Nasdaq Composite did not hit a new high – yet – but this is expected.

Monthly S&P 500 With Fibonacci Projections: Target Range 5400-5800



Week of February 26, 2024

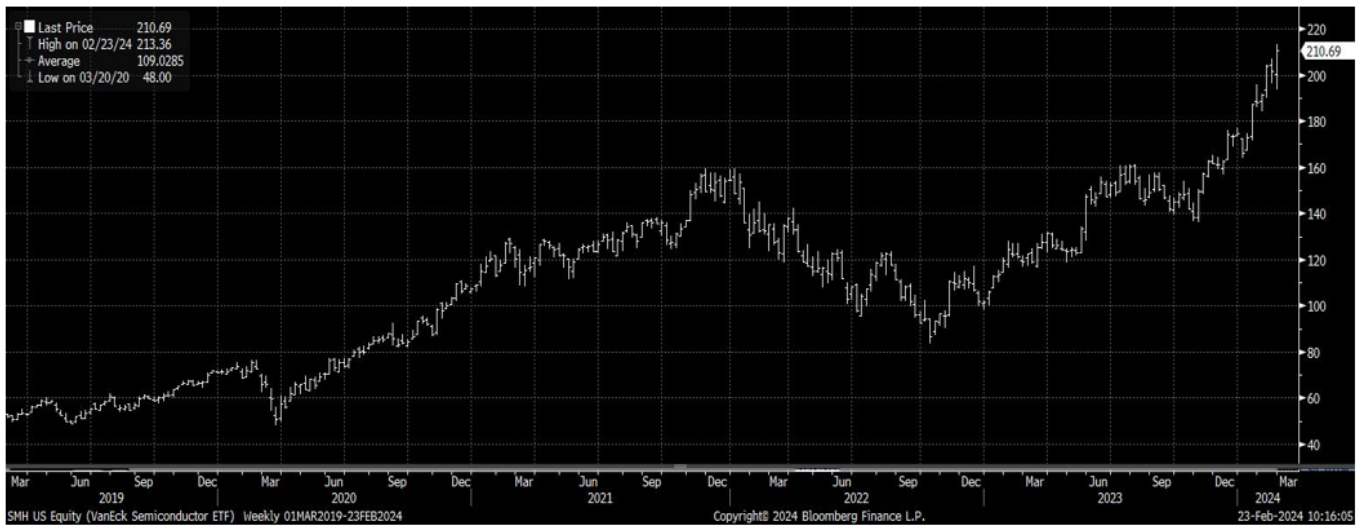
S&P 500 Expected To Report Earnings Growth Of 11% For CY 2024 – Earnings Support Rally

Fourth quarter 2023 earnings are now in the past for the market. The market discounts approximately six months ahead. But let's review where we are and where we are heading. According to FactSet's earnings analysis from February 16th (importantly, it does not include NVIDIA), earnings on the S&P 500 have turned positive and are projected to have double digit growth for calendar year 2024. For the fourth quarter, S&P 500 companies are reporting a year-over-year growth in earnings of 3.2% and year-over-year growth in revenues of 4.0%. For CY 2023, S&P 500 companies are reporting year-over-year growth in earnings of 0.9% and year-over-year growth in revenues of 2.4%. For Q1 2024, analysts are projecting earnings growth of 3.9% and revenue growth of 3.5%. For Q2 2024, analysts are projecting earnings growth of 9.0% and revenue growth of 4.6%. For Q3 2024, analysts are projecting earnings growth of 8.0% and revenue growth of 5.0%. For Q4 2024, analysts are projecting earnings growth of 17.6% and revenue growth of 5.7%. For CY 2024, analysts are projecting earnings growth of 11% and revenue growth of 5.4%.

Semiconductors Remain The Leaders Of The Pack

Semiconductors continue to represent the Leadership of this Bull market. The Bull has not bucked as much as we expected, but instead, has decided to Run. The specific Leader is, of course, NVIDIA (NVDA). Technically, it has reached its target range, but it is likely to continue marching toward \$1000. The stock continues to have breakaway gaps, which are bullish and give downside support. The question many are likely to begin to ask is: will NVDA become the #1 market capitalization stock in the market? As of this writing, NVDA is third behind Apple (AAPL) and Microsoft (MSFT).

VanEck Semiconductor Index (SMH) – Record Highs Reached



NVIDIA (NVDA) Marches Toward \$1000



New Kid On The Block – SoundHound AI

NVIDIA has announced an investment in SoundHound AI (SOUN), a tech firm that specializes in Voice Artificial Intelligence. SoundHound's conversational intelligence solutions powers interfaces for hardware devices, services, vehicles, mobile apps, and more. Technically, the stock appears to be in a bullish consolidation after a significant move which was sparked by NVIDIA disclosing an investment in SoundHound in a 13F filing with the SEC. If SOUN breaks above \$5 and stays above \$5, it would signal a continued move higher that could see the stock double. This is a low-priced stock and could have significant volatility.

SoundHound AI (SOUN) – Pops After NVDA Investment; Could It Still Double?



Japan Nearing Record All-Time High

As spelled out in our 2024 Year Ahead Outlook and reiterated in our February 12 Week Ahead, we continue to believe the Nikkei market will test its old highs with a possibility of setting new record highs. We continue to pound the table: if new highs are made and can hold, the Japanese equity market would be in a new secular bull market.

Nikkei 225 Nearing All-Time Record High – Achieve A New Closing High



Week of February 26, 2024

A Market To Watch: Vietnam Equity Market Is Waking Up

A market in Asia that does not get a lot of attention is the Vietnam equity market. The VN Index equity market benchmark index just broke above the downtrend line that had been in effect from 2022 until recently. The monthly Moving Average Convergence/Divergence (MACD) price momentum indicator at the same time generated a buy signal. The VN index looks positioned to test the old highs, and technically if the market can continue to rally, it might be able to achieve new highs. This market may be getting more attention in the months ahead.

Vietnam Ho Chi Minh Stock Index (VN Index) – Breaking Above A Downtrend



 Week of February 26, 2024

Market Performance

| | Last 2/23/2024 | Month End 1/31/2024 | Month to Date | Quarter End 12/29/2023 | Quarter to Date | Year End 12/29/2023 | Year to Date | Year Ago 2/23/2023 | Year To Year |
|--|-------------------|---------------------------|---------------------|------------------------------|-----------------------|---------------------------|--------------------|--------------------------|--------------------|
| S&P 500 | 5088.80 | 4845.65 | 5.0% | 4769.83 | 6.7% | 4769.83 | 6.7% | 4012.32 | 26.8% |
| NASDAQ Composite | 15996.82 | 15164.01 | 5.5% | 15011.35 | 6.6% | 15011.35 | 6.6% | 11590.40 | 38.0% |
| NASDAQ 100 | 436.78 | 416.97 | 4.8% | 409.52 | 6.7% | 409.52 | 6.7% | 296.82 | 47.2% |
| Russell 2000 | 2016.69 | 1947.34 | 3.6% | 2027.07 | -0.5% | 2027.07 | -0.5% | 1908.09 | 5.7% |
| S&P Consumer Discretionary Sector | 1461.27 | 1367.70 | 6.8% | 1418.09 | 3.0% | 1418.09 | 3.0% | 1135.21 | 28.7% |
| S&P Consumer Staples Sector | 793.18 | 772.80 | 2.6% | 762.32 | 4.0% | 762.32 | 4.0% | 763.31 | 3.9% |
| S&P Energy Sector | 652.35 | 636.73 | 2.5% | 640.05 | 1.9% | 640.05 | 1.9% | 645.39 | 1.1% |
| S&P Financial Sector | 669.07 | 644.54 | 3.8% | 626.35 | 6.8% | 626.35 | 6.8% | 591.76 | 13.1% |
| S&P Health Care Sector | 1720.80 | 1635.58 | 5.2% | 1590.37 | 8.2% | 1590.37 | 8.2% | 1514.87 | 13.6% |
| S&P Industrials Sector | 1016.05 | 955.86 | 6.3% | 964.73 | 5.3% | 964.73 | 5.3% | 851.92 | 19.3% |
| S&P Information Technology Sector | 3721.99 | 3529.92 | 5.4% | 3397.16 | 9.6% | 3397.16 | 9.6% | 2415.19 | 54.1% |
| S&P Materials Sector | 546.67 | 518.41 | 5.5% | 539.62 | 1.3% | 539.62 | 1.3% | 508.01 | 7.6% |
| S&P Real Estate Sector | 242.95 | 239.54 | 1.4% | 251.58 | -3.4% | 251.58 | -3.4% | 243.94 | -0.4% |
| S&P Communications Sector | 274.75 | 257.91 | 6.5% | 246.00 | 11.7% | 246.00 | 11.7% | 174.89 | 57.1% |
| S&P Utilities Sector | 313.42 | 312.07 | 0.4% | 321.92 | -2.6% | 321.92 | -2.6% | 337.24 | -7.1% |
| S&P 500 Total Return | 10859.63 | 10501.38 | 3.4% | 10327.83 | 5.1% | 10327.83 | 5.1% | 8567.57 | 26.8% |
| 3 month Treasury Bill Price | 98.66 | 98.66 | 0.0% | 98.66 | 0.0% | 98.66 | 0.0% | 98.80 | -0.1% |
| 3 month Treasury Bill Total Return | 245.73 | 245.05 | 0.3% | 243.98 | 0.7% | 243.98 | 0.7% | 233.48 | 5.2% |
| 10 Year Treasury Bond Future | 109.88 | 112.33 | -2.2% | 112.89 | -2.7% | 112.89 | -2.7% | 111.44 | -1.4% |
| 10 Year Treasury Note Total Return | 288.00 | 294.07 | -2.1% | 294.12 | -2.1% | 294.12 | -2.1% | 283.09 | 1.7% |
| iShares 20+ Year Treasury Bond ETF | 93.87 | 96.66 | -2.9% | 98.88 | -5.1% | 98.88 | -5.1% | 102.30 | -8.2% |
| S&P Municipal Bond Total Return | 272.42 | 272.53 | 0.0% | 272.94 | -0.2% | 272.94 | -0.2% | 258.69 | 5.3% |
| iShares S&P National Municipal Bond NAV | 107.71 | 108.19 | -0.4% | 108.42 | -0.7% | 108.42 | -0.7% | 105.46 | 2.1% |
| S&P 500 Investment Grade Corporate Bond Total Return | 449.42 | 455.62 | -1.4% | 455.89 | -1.4% | 455.89 | -1.4% | 426.19 | 5.5% |
| S&P Investment Grade Corporate Bond | 89.92 | 91.49 | -1.7% | 91.76 | -2.0% | 91.76 | -2.0% | 88.90 | 1.1% |
| S&P Investment Grade Corporate Bond Total Return | 475.86 | 482.96 | -1.5% | 482.66 | -1.4% | 482.66 | -1.4% | 451.29 | 5.4% |
| SPDR Bloomberg High Yield Bond ETF | 94.70 | 94.87 | -0.2% | 94.73 | 0.0% | 94.73 | 0.0% | 91.51 | 3.5% |
| iShares iBoxx High Yield Corporate Bond ETF | 77.35 | 77.48 | -0.2% | 77.39 | -0.1% | 77.39 | -0.1% | 74.62 | 3.7% |
| Gold | 2035.40 | 2039.52 | -0.2% | 2062.98 | -1.3% | 2062.98 | -1.3% | 1822.28 | 11.7% |
| Bitcoin | 50981.19 | 42458.43 | 20.1% | 41935.34 | 21.6% | 41935.34 | 21.6% | 23878.02 | 113.5% |

Source: Bloomberg, Sanctuary Wealth, February 23, 2024

It's Data Data Data Again But Core PCE To Take Center Stage

This week will see a key pivot point for 10-year Treasury yields: up, down or hold?

Inflation remains the main topic for Wall Street and economists, as well the Federal Reserve Governors. This week we get the all-important Core PCE data on Wednesday. The bond market will be very focused on this data point. The 10-year Treasury yield has been holding at 4.3%, where there is key resistance (see accompanying chart). The question of the week is whether the Core PCE will push rates up or down – or hold steady. Higher rates could pressure equities. Be ready for the running Bull to buck again. It's a long ride.

10-Year Treasury Yield With 100-Moving Average = Hitting Resistance Near 4.3%





Calendar

Mon.

10:00 am New home sales
 Earnings: ADTRAN, AES, Albany International, BioCryst Pharmaceuticals, CarGurus, Domino's Pizza, Dorman Products, Elanco Animal Health, Fidelity National Information Services, Fresh Del Monte, Freshpet, HEICO, Helios Technologies, Hims & Hers Health, Innovative Industrial Properties, iRobot, Li Auto, ONEOK, Pilgrim's Pride, Playtika, Public Service, PubMatic, SBA Communications, STAAR Surgical, Trex, Unity Software, Workday, Zoom Video Communications

Tue.

8:30 am Durable-goods orders
 9:00 am S&P Case-Shiller home price index (20 cities)
 10:00 am Consumer confidence
 Earnings: 3D Systems, Acadia Healthcare, ACADIA Pharmaceuticals, AdaptHealth, Agilent, Alcon, Ambarella, American Electric, American Tower, Array Technologies, AutoZone, Axon, B&G Foods, Beacon Roofing Supply, Beyond Meat, Boston Beer Co, Bumble, California Resources Corp, Carter's, CAVA Group, Chemed, Civitas Resources, Clean Energy Fuels, Constellation Energy, Coupang, Cracker Barrel, Credo Technology Group, Cytokinetics, Darling Ingredients, Devon Energy, eBay, Extra Space Storage, First Solar, Gaming and Leisure Properties, Green Dot, Grocery Outlet, Henry Schein, Interface, International Money Express, J.M. Smucker, Jones Lang LaSalle, Klaviyo, Lemonade, Luminar Technologies, Macy's, Masimo, Myriad Genetics, Norwegian Cruise Line, Opko Health, OraSure, Pan Am Silver, Park Hotels & Resorts, Perrigo, Pinnacle West, Portillo's, Redfin, Revolve Group, Ryan Specialty Group, Sealed Air, Splunk, Stitch Fix, TimkenSteel, TKO Group Holdings, Universal Health, Urban Outfitters, Virgin Galactic, VIZIO, Xenia Hotels

Wed.

8:30 am GDP (first revision), Advanced U.S. trade balance in goods, Advanced retail inventories, Advanced wholesale inventories
 12:00 pm Atlanta Fed President Raphael Bostic speaks
 Earnings: Aeon, ACM Research, Advance Auto Parts, AMC Entertainment, Ameresco, Amicus Therapeutics, C3.ai, Cactus, Chart Industries, Chemours, Clearwater Analytics, Compass Diversified, Dine Brands, Donaldson, Duolingo, Dycom, Editas Medicine, EPR Properties, Forward Air, Frontdoor, Geron, Gogo, Greif, Holley, HP Inc., Integra, James River Group, Jazz Pharma, Kinetik, Kontoor Brands, Magnite, Marathon Digital Holdings, Margeta, Monster Beverage, National Storage Affiliates, Nexstar, NRG Energy, Nutanix, ODP Corporation, Okta, Patterson Companies, Payoneer, Salesforce, Sarepta Therapeutics, Sinclair Broadcast, Snowflake, Sociedad Quimica y Minera, Sovos Brands, Squarespace, Steven Madden, Stoneridge, Taboola, Talos Energy, TJX, United Parks & Resorts, Viatrix, Vipshop, Warby Parker, Wheaton Precious Metals, WW, Zuora

Thu.

8:30 am Initial jobless claims, Personal income (nominal), Personal spending (nominal), Core PCE index
 9:45 am Chicago Business Barometer (PMI)
 10:00 am Pending home sales
 10:50 am Atlanta Fed President Raphael Bostic speech
 11:00 am Chicago Fed President Austan Goolsbee speaks
 1:15 pm Cleveland Fed President Loretta Mester speaks
 7:40 pm Kansas City Fed President Jeff Schmid speaks
 Earnings: ACI Worldwide, American Woodmark, Anheuser-Busch InBev, Arlo Technologies, Autodesk, Bath & Body Works, Best Buy, BRP, Celsius, Certara, Cogent Communications, Cooper, CubeSmart, Dole, Endava, Evergy, Everi, ExlService, First Advantage, Fisker, Frontline, GoodRx, Hewlett Packard Enterprise, Hilton Grand Vacations, Hormel Foods, International Seaways, MasTec, Melco Resorts & Entertainment, Navitas Semiconductor, NetApp, Pacira BioSciences, Papa John's, PTC Therapeutics, Quaker Chemical, Royal Bank of Canada, Six Flags, Strategic Education, Sweetgreen, Toronto-Dominion Bank, TTEC Holdings, Uniti Group, Utz Brands, Veeva Systems, Vertex, Zscaler

Fri.

9:45 am S&P U.S. manufacturing PMI (final)
 10:00 am ISM manufacturing, Construction spending, Consumer sentiment (final)
 10:15 am Dallas Fed President Lorie Logan speaks, Fed Governor Chris Waller speaks
 12:15 pm Atlanta Fed President Raphael Bostic speaks
 1:30 pm San Francisco Fed President Mary Daly speaks
 Earnings: Bank of Montreal, Plug Power, RadNet

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.



3815 River Crossing Pkwy, Suite 200
 Indianapolis, IN 46260