

Week Ahead

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Week of March 4, 2024

The Bull Is Running

The favorite inflation gauge of the Federal Reserve (Fed) is the Personal Consumption Expenditures Price Index (PCE), which came in last week lower than expected at 2.8% year-to-year. AND... this is the 12th consecutive month for which the data has come in lower than the prior month.

Inflation is on the right track: falling! Down, down, down it goes. Both the equity and fixed income markets responded positively. Yields – also falling on weaker construction and ISM Manufacturing data – fell on both the 10- and 2- Year Treasuries. At this time, rates look to stay lower and not break to the upside. Continued improvement in inflation and rates falling has sparked a continued rally in the equity markets.

Core Personal Consumption Expenditure Year-To-Year At 2.8%



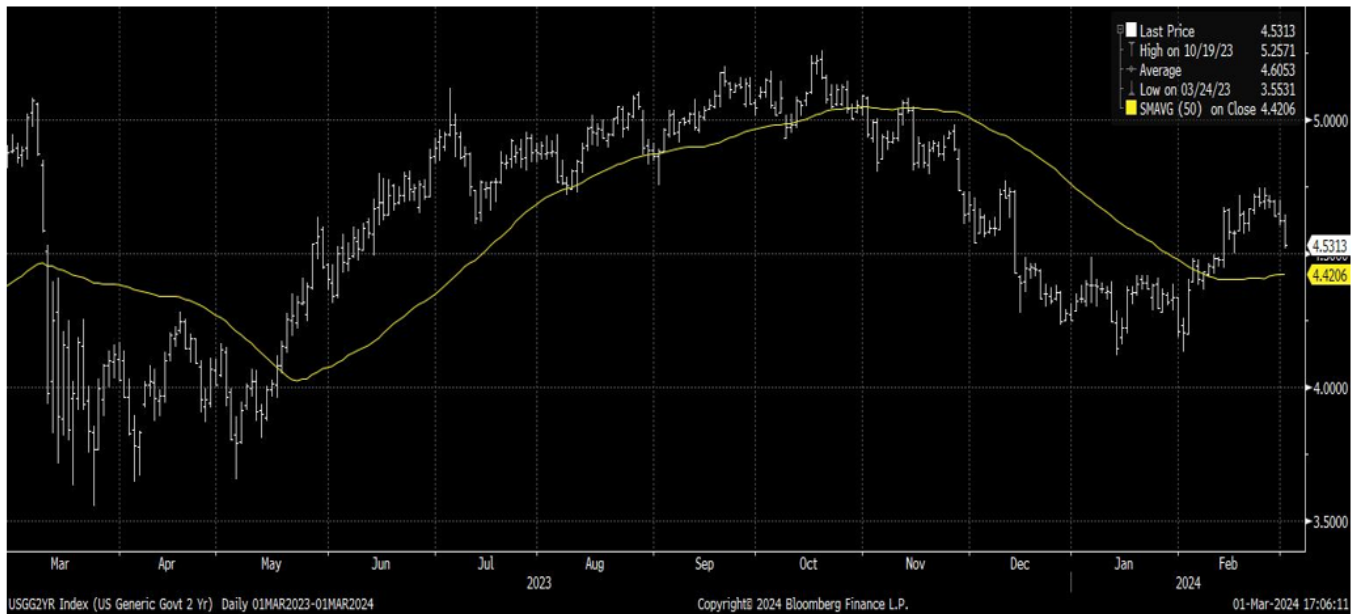


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10-Year Treasury Yield And 50- And 200-Day Moving Average: Support Near 4.1%-4.0%



2-Year Treasury Yield And 50-Day Moving Average: Support 4.4%



Week of March 4, 2024

Good Overbought Readings

We have pointed out in past weeks that the market had overbought readings and could correct. But the S&P 500 and other major indices hitting record all-time highs points to the market having what is known as a “good overbought reading.” The last time we saw this was in 2021 (as shown in the accompanying chart). This can create some volatility, but the trend for the equity market is higher. *Last week we raised our target range for the S&P 500 to 5400-5800. We remain buyers of the market.*

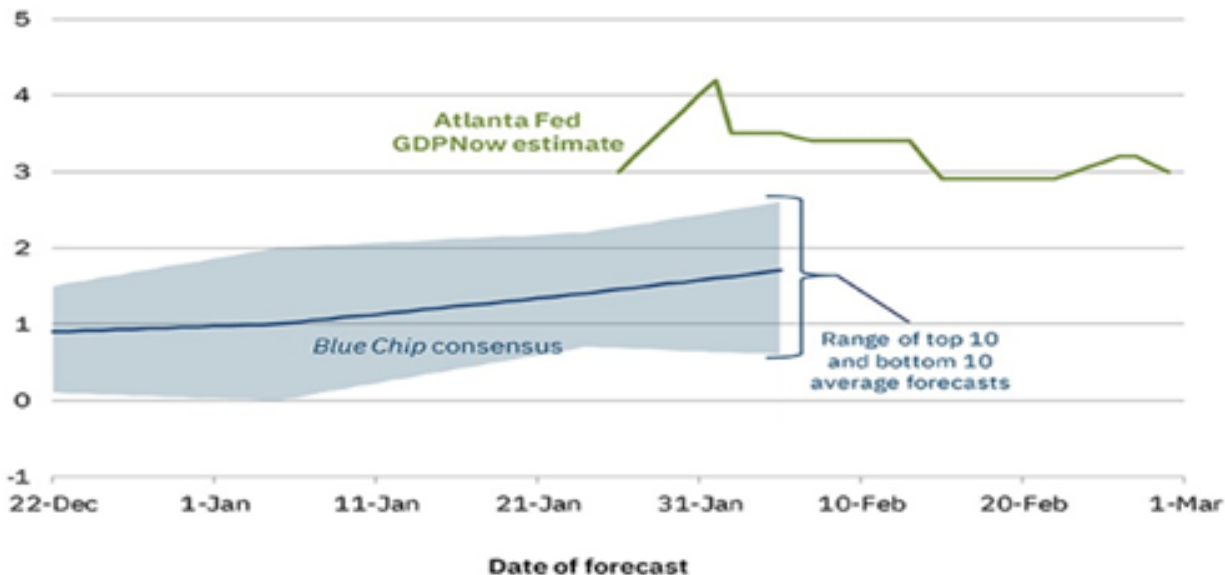
Weekly S&P 500 With 14-Day Stochastic: Overbought But A Good Overbought



Economic Growth Projected To Remain Strong And This Should Continue to Power Earnings

As of March 1, the Atlanta Fed GDPNow forecast for 1Q24 is 3%. This is not an official Fed forecast, but it has a strong correlation to the reported real GDP number. In the accompanying chart, note that the GDPNow estimate is significantly above Blue Chip consensus expectations. Growth of 3% is strong for the U.S. economy and should help power corporate earnings. According to Bank of America, corporate profit margins have held up despite big swings in rates and inflation. The 4Q EPS surprised by 4%, and 2024 EPS estimates have flat-lined, flaunting the typical early-year cuts. Leading economic indicators also point to additional strength in the economy.

Evolution of Atlanta Fed GDPNow real GDP estimate for 2024: Q1
Quarterly percent change (SAAR)



Sources: Blue Chip Economic Indicators and Blue Chip Financial Forecasts

Note: The top (bottom) 10 average forecast is an average of the highest (lowest) 10 forecasts in the Blue Chip survey.

Source: Atlanta Federal Reserve, March 1, 2024

Week of March 4, 2024

Advanced Micro Devices Plays “Follow The Leader” With NVIDIA And Has Major Breakout!

Semiconductor company Advanced Micro Devices (AMD) is working on an artificial intelligence chip similar to what NVIDIA (NVDA) has – and AMD just had a major breakout. Despite the stock being up so much already, the breakout points to AMD moving toward \$280-\$300 or a 45%-56% additional price appreciation. Expect semiconductor companies to remain the Leaders of this bull tape.

Advanced Micro Devices (AMD) Monthly Price Chart: Huge Base Breakout



Nasdaq Composite Has All-Time Closing High

The Nasdaq Composite hit a record closing high on February 29. We still expect the index to make an all-time high, based on intra-day moves. We believe the Nasdaq 100 index is the better index to monitor, and it has already surpassed its intra-day and closing highs. *The Nasdaq is the Digital Index of our time!*

Nasdaq Composite Daily Price Chart: New Record All-Time High



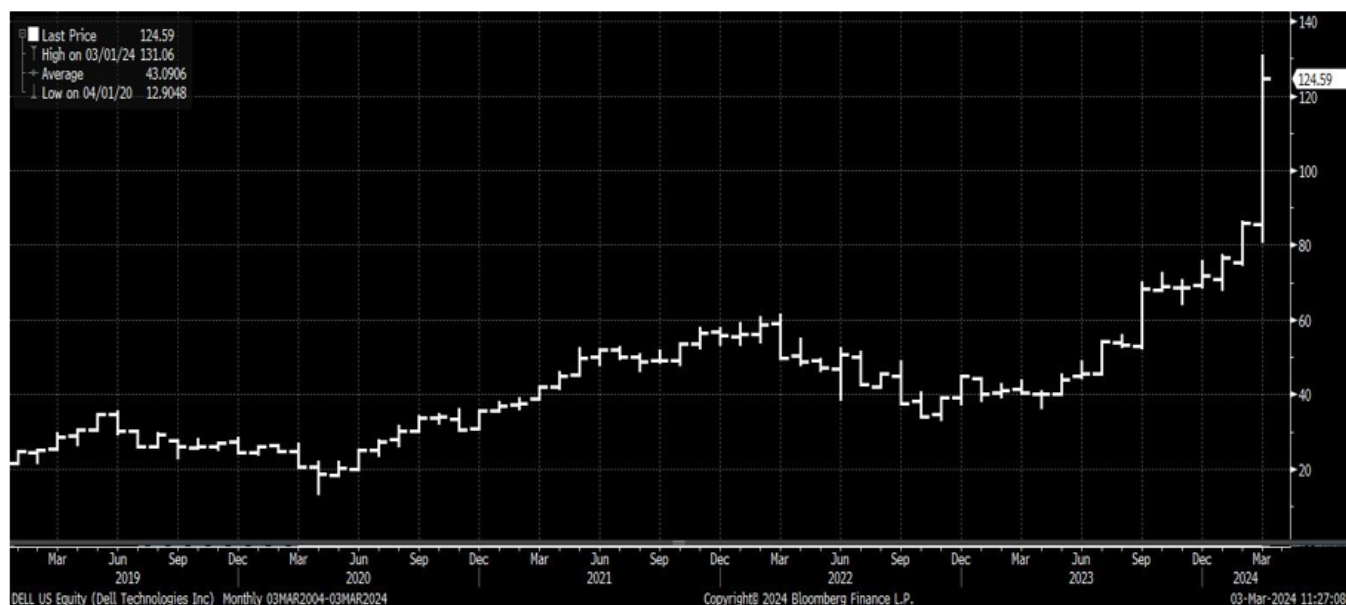


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An Oldie But Goodie: Dell Technology

"Dell Computer" is back! Now called Dell Technologies, the company reported blow-out earnings, but the stock was already on the move, breaking out of a cup-and-handle formation. Expect a continued significant move. The stock is cheap, given that most technology stocks are trading at a 16x price/earnings multiple. Estimated price move based on the breakout is \$160-\$180.

Dell Technologies (DELL) Monthly Price Chart



Major Breakout In Industrials – Strong Leadership

The S&P Industrials sector has broken out of a three-year trading range, cementing the sector as major leadership in this market. Having such a major cyclical sector breakout confirms the U.S. economy is growing. The major legislative bills signed by President Biden [the Infrastructure Investment and Jobs Act (IIJA), the CHIPS and Science Act and the Inflation Reduction Act] are having a positive impact on this sector. *Expect significant upside!*

SPDR Industrial ETF: Major Breakout Shows Strong Leadership





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Consumer Discretionary Coming To Life: A Sign Consumer Is In Good Shape

Another important cyclical sector that's breaking out is Consumer Discretionary – not at new highs, but breaking from a multi-year consolidation. We believe this points to a consumer who is still spending. The move also supports a strong economy.

SPDR Consumer Discretionary ETF: Breaking Out Of A Consolidation



World Markets Are Also Breaking to Record All-Time Highs – Japan & Europe

It's not just the U.S. breaking to record highs, it's also world markets in Europe and Japan, signaling there is something going on globally! This trend supports the belief that these records are likely to hold and move up further. *The Bull is on a Global Run!*

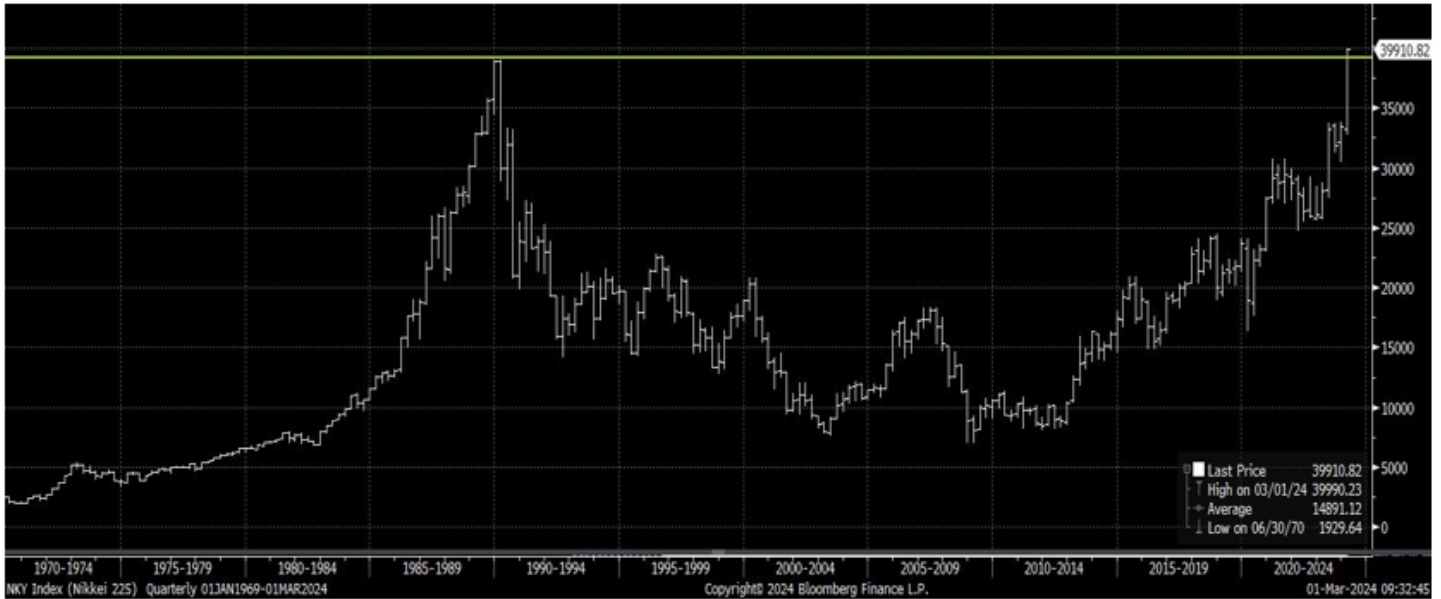
Japan Nikkei 225 Hits All-Time High, Surpassing 1990 Peak

It took 34 years for the Japanese equity market to surpass its previous all-time high set in 1990. *If the new high holds, it will signal that the Japanese equity market is entering a new secular bull market.* It is likely that Japan is benefiting from the weakness in China and the shift of supply chains away from China. Japan is known for its expertise in technology, and it is possible that Japan will play a key role in the world as we move further into artificial intelligence.



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Nikkei 225 Monthly Price Chart: New Record All-Time High



Euro Stoxx 50 Breaks to All-Time Record High

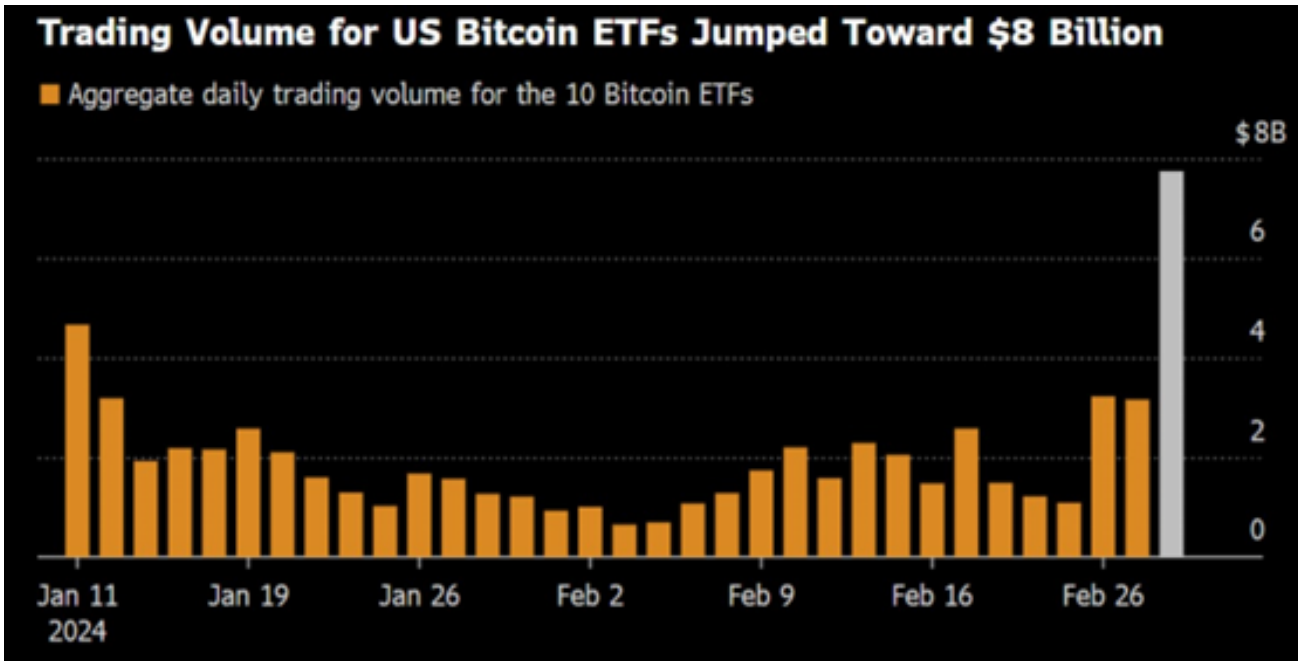




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Bitcoin Exchange Traded Funds Attract Significant Capital: Volume Surges

Capital is moving to Bitcoin with the recent approval from the SEC to launch spot Bitcoin ETFs. Looking at aggregate volume of the 10 ETFs, we see that volume has spiked, nearly reaching the \$8 billion mark.



Source: Bloomberg, February 29, 2024

Bitcoin Surges And Looks To Test All-Time Highs

Bitcoin (BTC) has broken out of a significant base known as a cup-and-handle, and this points to a test of the old high of \$68,991 – and supports new highs. We believe BTC is on track to move to \$80,000. The halving takes place every four years – this is when the reward payment in BTC to miners is reduced. This is designed to limit the overall supply of BTC to 21 million. The idea is to keep it as a “store of value” with limited supply. The next halving will take place in April, and we believe it is already having an impact on the price of BTC. *Note that in our Market Performance Chart later in this report, BTC is the best performing asset so far this year.*

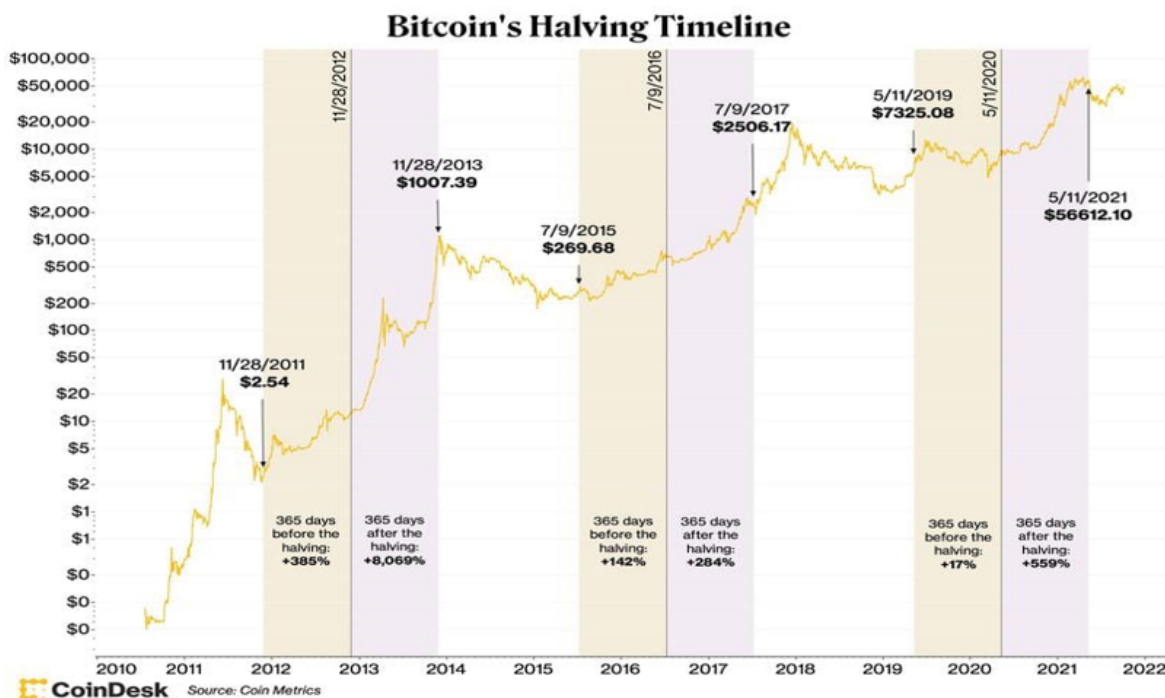
Bitcoin Weekly Price Chart: Bitcoin On Track To Test All-Time High Of \$68,991





Week of March 4, 2024

Three Halvings Each Resulted In A Bitcoin Rally



Source: Coindesk, February 14, 2024, Past Performance is Not Indicative of Future Results

Positioning

As we start the third month of 2024, let's reiterate our views on positioning for this year's Bucking Bull Market for stocks and bonds. We remain positive on Mega Cap versus Small Caps, though we expect the rally in Small Caps to continue near term. We choose Growth over Value, and Cyclical over Defensive. Fixed income looks favorable, and we would consider adding to duration. We favor Treasuries, Investment Grade, and Municipals. Importantly, High Yield is also holding significant levels. Investors who can take on more risk might also consider High Yield. Lastly, overall, we continue to recommend Quality investments.

Week of March 4, 2024

Market Performance

	Last 3/1/2024	Month End 2/29/2024	Month to Date	Quarter End 12/29/2023	Quarter to Date	Year End 12/29/2023	Year to Date	Year Ago 3/2/2023	Year To Year
S&P 500	5137.08	5096.27	0.8%	4769.83	7.7%	4769.83	7.7%	3981.35	29.0%
NASDAQ Composite	16274.94	16091.92	1.1%	15011.35	8.4%	15011.35	8.4%	11462.98	42.0%
NASDAQ 100	445.61	439.00	1.5%	409.52	8.8%	409.52	8.8%	293.61	51.8%
Russell 2000	2076.40	2054.84	1.0%	2027.07	2.4%	2027.07	2.4%	1902.66	9.1%
S&P Consumer Discretionary Sector	1491.02	1485.31	0.4%	1418.09	5.1%	1418.09	5.1%	1111.95	34.1%
S&P Consumer Staples Sector	788.91	789.20	0.0%	762.32	3.5%	762.32	3.5%	755.09	4.5%
S&P Energy Sector	660.81	653.14	1.2%	640.05	3.2%	640.05	3.2%	655.85	0.8%
S&P Financial Sector	668.58	670.05	-0.2%	626.35	6.7%	626.35	6.7%	587.65	13.8%
S&P Health Care Sector	1702.79	1686.41	1.0%	1590.37	7.1%	1590.37	7.1%	1486.05	14.6%
S&P Industrials Sector	1026.20	1022.56	0.4%	964.73	6.4%	964.73	6.4%	865.34	18.6%
S&P Information Technology Sector	3815.25	3748.57	1.8%	3397.16	12.3%	3397.16	12.3%	2390.70	59.6%
S&P Materials Sector	553.03	550.91	0.4%	539.62	2.5%	539.62	2.5%	524.56	5.4%
S&P Real Estate Sector	248.07	245.41	1.1%	251.58	-1.4%	251.58	-1.4%	239.08	3.8%
S&P Communications Sector	273.90	272.50	0.5%	246.00	11.3%	246.00	11.3%	174.36	57.1%
S&P Utilities Sector	311.46	313.71	-0.7%	321.92	-3.2%	321.92	-3.2%	329.05	-5.3%
S&P 500 Total Return	11041.90	11041.90	0.0%	10327.83	6.9%	10327.83	6.9%	8505.55	29.8%
3 month Treasury Bill Price	98.65	98.65	0.0%	98.66	0.0%	98.66	0.0%	98.79	-0.1%
3 month Treasury Bill Total Return	245.94	245.94	0.0%	243.98	0.8%	243.98	0.8%	233.69	5.2%
10 Year Treasury Bond Future	111.03	110.44	0.5%	112.89	-1.6%	112.89	-1.6%	110.09	0.9%
10 Year Treasury Note Total Return	288.62	288.62	0.0%	294.12	-1.9%	294.12	-1.9%	279.67	3.2%
iShares 20+ Year Treasury Bond ETF	94.47	94.18	0.3%	98.88	-4.5%	98.88	-4.5%	99.48	-5.0%
S&P Municipal Bond Total Return	272.86	272.74	0.0%	272.94	0.0%	272.94	0.0%	257.92	5.8%
iShares S&P National Municipal Bond NAV	107.68	107.92	-0.2%	108.42	-0.7%	108.42	-0.7%	104.97	2.6%
S&P 500 Investment Grade Corporate Bond Total Return	449.77	448.78	0.2%	455.89	-1.3%	455.89	-1.3%	420.91	6.9%
S&P Investment Grade Corporate Bond	90.20	90.01	0.2%	91.76	-1.7%	91.76	-1.7%	87.84	2.7%
S&P Investment Grade Corporate Bond Total Return	477.82	476.73	0.2%	482.66	-1.0%	482.66	-1.0%	446.33	7.1%
SPDR Bloomberg High Yield Bond ETF	94.41	94.62	-0.2%	94.73	-0.3%	94.73	-0.3%	90.67	4.1%
iShares iBoxx High Yield Corporate Bond ETF	77.18	77.33	-0.2%	77.39	-0.3%	77.39	-0.3%	73.96	4.4%
Gold	2082.92	2044.30	1.9%	2062.98	1.0%	2062.98	1.0%	1835.87	13.5%
Bitcoin	62589.24	61430.64	1.9%	41935.34	49.3%	41935.34	49.3%	23415.50	167.3%

Source: Bloomberg, Sanctuary Wealth, March 1, 2024

Jobs Data To Take Center Stage

This week's data and news should not slow down the drive to buy, buy, buy.

The question on most investors' minds this week is: Will the market maintain all of its breakouts to new highs? All eyes will be on one data point that can impact markets this week is the jobs data from ADP to JOLTS to the February monthly employment report. Meanwhile, all ears will be tuned to comments from Fed Chair Jerome Powell when he testifies before Congress on Wednesday and Thursday. We'll be listening to how he's interpreting the latest PCE data – and whether he'll tip his hand about the timing of potential rate cuts. But we're not sitting on our hands: we're buyers of this market!



Calendar

Mon.

12:00 pm Philadelphia Fed President Tom Harker speaks
Earnings: AeroVironment, Avadel Pharmaceuticals, GitLab, Paymentus Holdings, Sea Limited, Stitch Fix

Tue.

10:00 am Factory orders, ISM services
12:00 pm Fed Vice Chair for Supervision Michael Barr speaks
3:30 pm Fed Vice Chair for Supervision Michael Barr speaks
Earnings: Agiliti, Bank of Nova Scotia, Box, Cadre Holdings, ChargePoint Holdings, Couchbase, CrowdStrike Holdings, Endeavour Silver, First Watch Restaurant Group, Ferguson, Franco-Nevada, MeridianLink, Nio, Nordstrom, Nuvei, Ross Stores, SmartRent, Target, V2X, W&T Offshore

Wed.

8:15 am ADP employment
10:00 am Fed Chair Jerome Powell testifies to Congress, U.S. wholesale inventories, Job openings
12:00 pm San Francisco Fed President Mary Daly speaks
2:00 pm Federal Reserve Beige Book
4:15 pm Minneapolis Fed President Neel Kashkari speaks
Earnings: Abercrombie & Fitch, Berry Petroleum, Brown-Forman, BRP, Campbell Soup, CIBC, Chemours Foot Locker, HighPeak Energy, Infinera, Kodiak Gas Services, Korn Ferry, REV Group Super Group, Rush Street Interactive, Thor Industries, United Natural Foods, Victoria's Secret, Wheaton Precious Metals, Yext

Thu.

8:30 am Initial jobless claims, U.S. productivity (revision), U.S. trade balance
9:40 am Fed Chair Jerome Powell testifies to Congress
11:30 am Cleveland Fed President Loretta Mester speaks
3:00 pm Consumer credit
Earnings: ABM Industries, American Eagle Outfitters, Bilibili, BJ's Wholesale, Broadcom, Burlington Stores, Ciena, Costco Wholesale, DocuSign, El Pollo Loco, Kroger, Evolus, Funko, Gap, Guidewire Software, MongoDB, Savers Value Village, Smith & Wesson Brands, Stevanato Group, Toro, Traeger

Fri.

7:00 am New York Fed President John Williams speaks
8:30 am U.S. unemployment rate, U.S. nonfarm payrolls, U.S. hourly wages
Earnings: Algonquin Power & Utilities, America's Car-Mart, Genesco

Source: MarketWatch/Kiplinger

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