



Week Ahead

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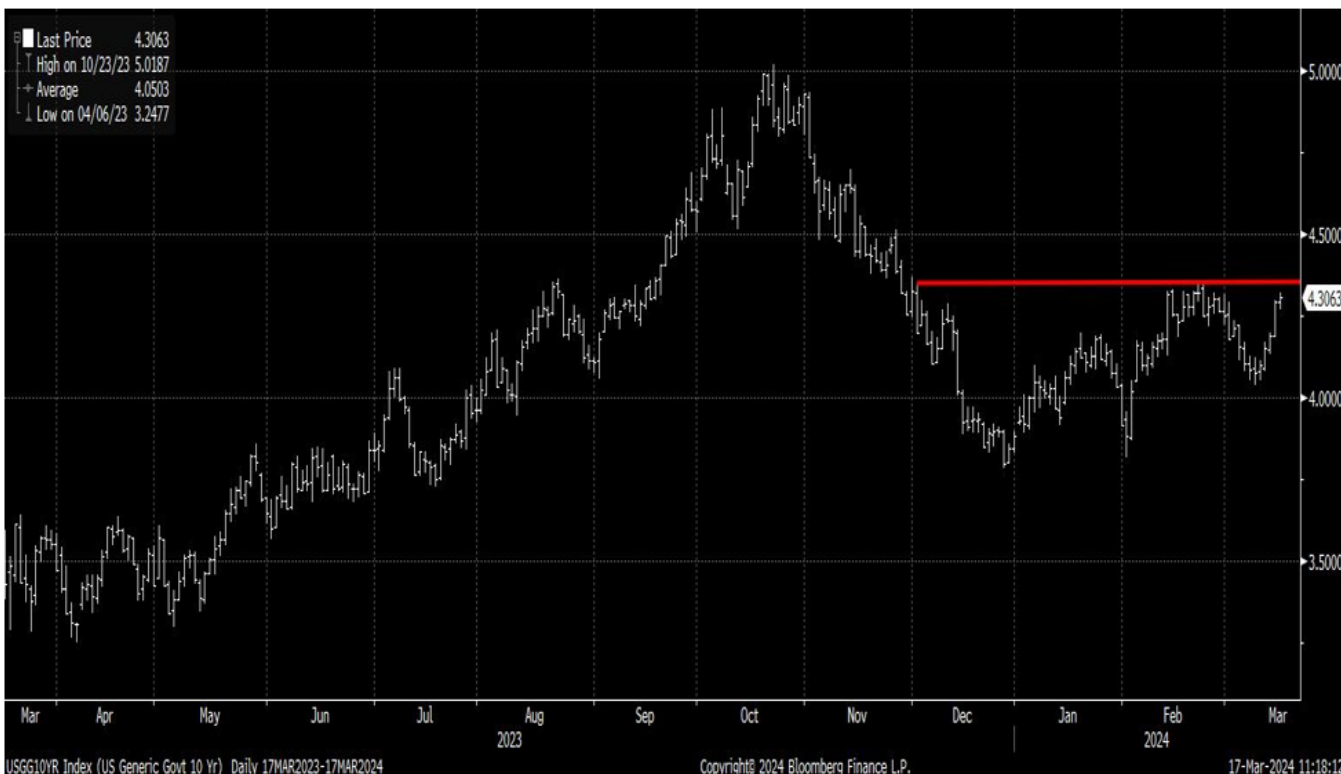
 **Week of March 18, 2024**

Inflation Data Comes In Hot, So Yields Spike & Stocks Correct

Last week, it was all about inflation, and both the Consumer Price Index (CPI) and the Producer Price Index (PPI) came in slightly higher than expected.

Higher inflation spooked the fixed income market, causing interest rates to rise, and higher rates led to stocks correcting. Remember: one month is not a trend. Also, the Federal Reserve (Fed) does prefer the Core Personal Consumption Expenditures (PCE) measure for inflation, and PCE's last report was 2.85% year-to-year. But this higher point in inflation will most likely keep the Fed holding interest rates as is– the FOMC meets on March 19-20. The markets are expecting the Fed to cut rates in June. The data so far would suggest this is the case, but everyone will be listening to Fed Chair Jerome Powell's comments and looking at the Fed Dot Plot, which displays the interest rate projections of individual FOMC members.

10-Year Treasury Yield Range-Bound With Resistance 4.3% & Support 4.0%



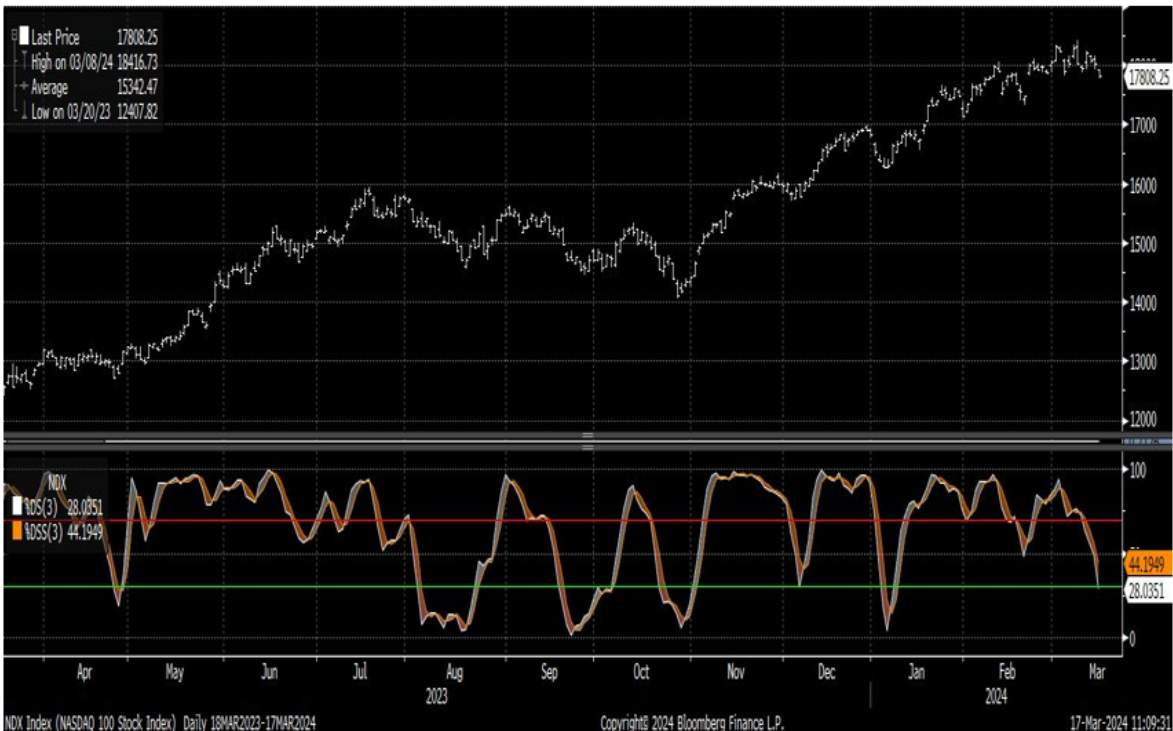
2-Year Treasury Yield Range-Bound With Resistance 4.7% & Support At 4.5%



Nasdaq 100 Digital Index Correcting & Almost Oversold

The leadership index for the current market cycle is the Nasdaq 100. With rates rising, the index has been correcting. There is no major top and the 14-day stochastic price momentum indicator is surprisingly near an oversold reading. Any additional pullback should be modest. We remain buyers of this market. Our S&P 500 target range is 5400-5800.

Nasdaq 100 With Daily 14-Day Stochastic: Close To Oversold Reading

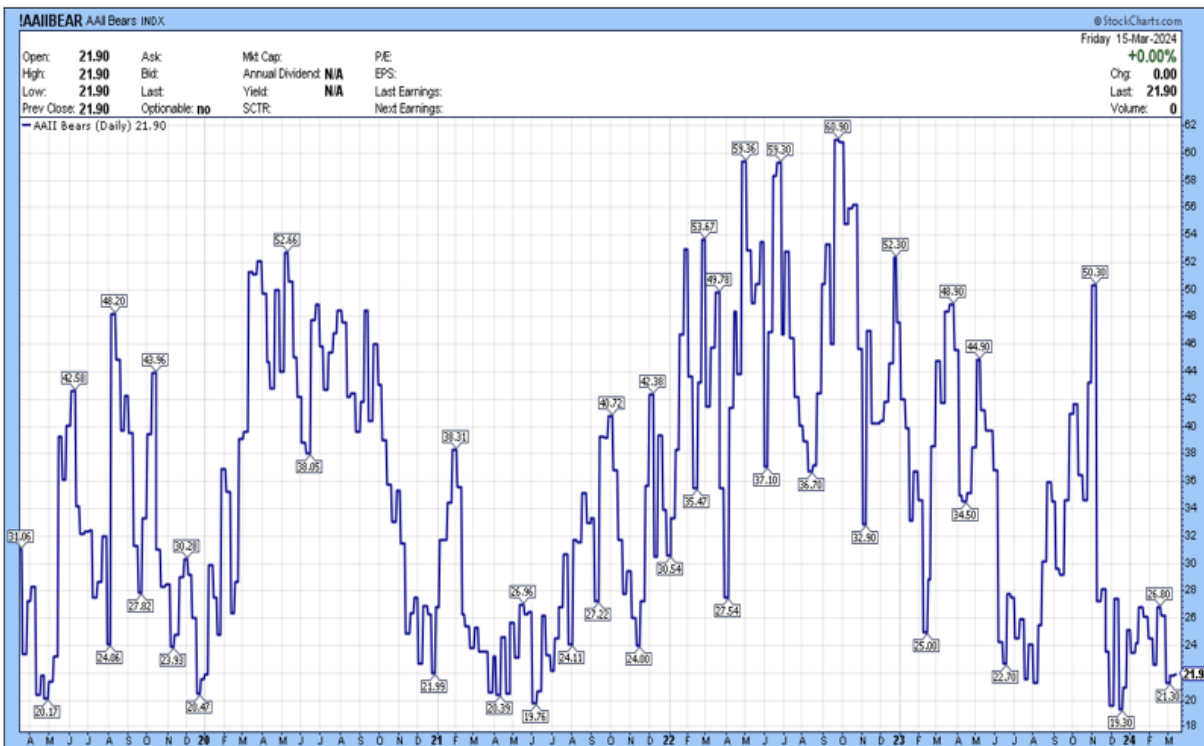


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GDPNow From Atlanta Fed Forecasting Model Says Economy Is Growing At 2.3%

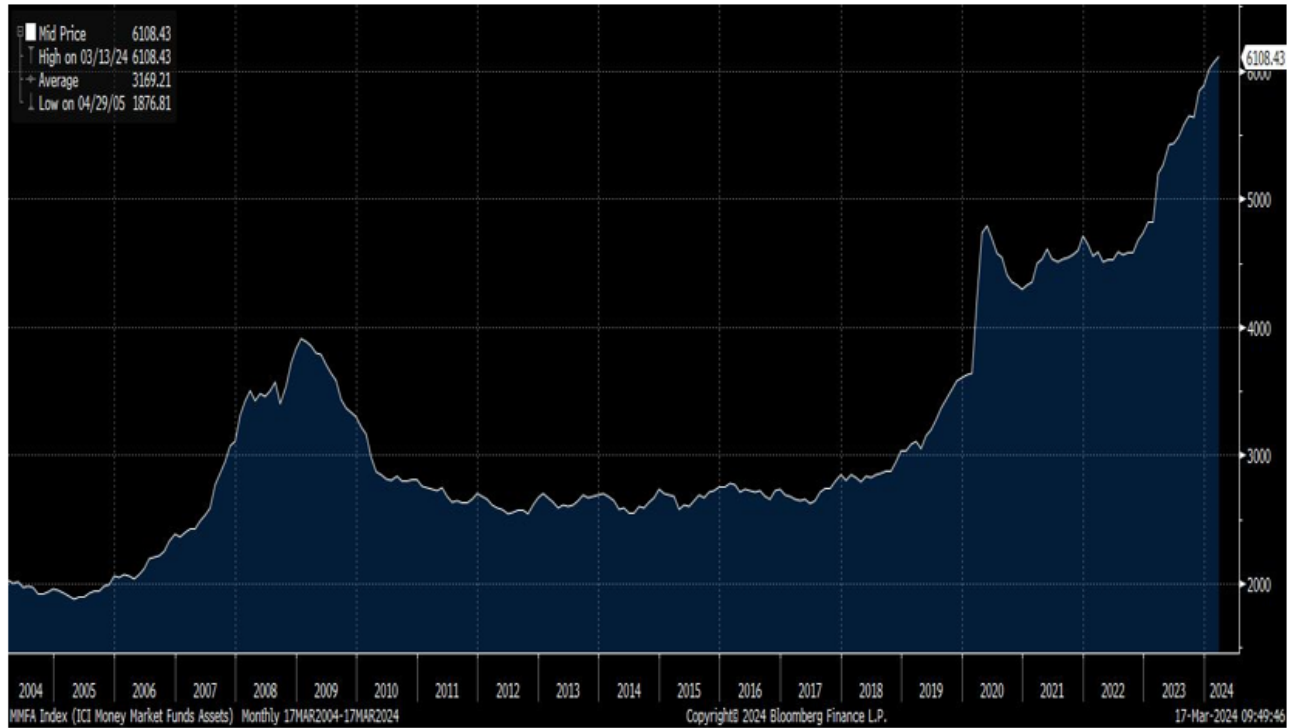


Individual Investors AAI Survey Has Low Bearishness – Contrarian Signal For Pullback...



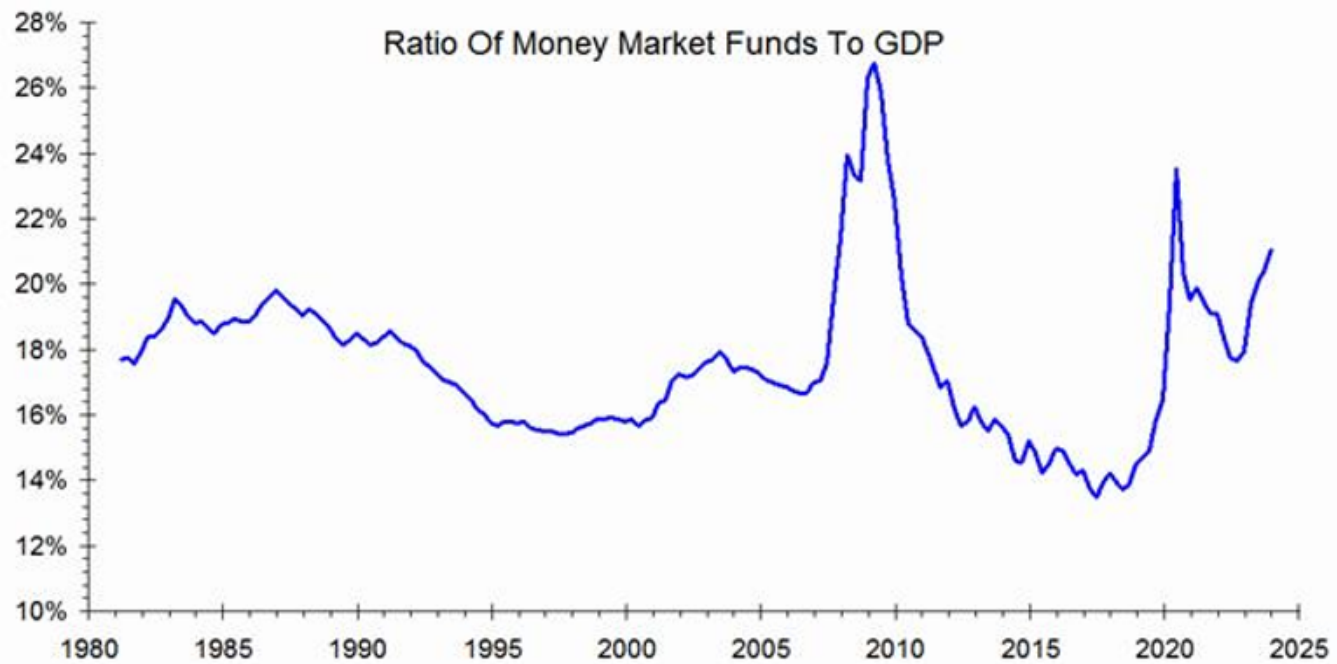
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...But Lots Of Cash: ICI Money Market Mountain Continues To Grow: At \$6.1 Trillion



Cash As A % Of GDP Is Very High!

There is a lot of liquidity in the economy – and that supports equity prices going higher.



Source: Investment Company Institute, Federal Reserve Board, Bureau of Economic Analysis, Sanctuary Wealth, March 17, 2024

 **Week of March 18, 2024**

No Major Top On Magnificent 7 Despite Concerns - Tops Form On Optimism Not Pessimism

Magnificent 7 Chart Has No Major Top & Lots Of Support



Semiconductors Stretched But No Major Top

VanEck Semiconductor ETF (SMH)



This Is Not 1999: No Major Top In Leading Index Nasdaq 100

To address questions about Nasdaq possibly peaking, let's take a look at two charts. We compare the Nasdaq 100 from today to its peak period in 1999-2000. The comparison of the charts clearly shows that the patterns are completely different. Today we have a breakout of a major base (this is called a cup and handle). There is no peak in pricing. Also, valuations are different. The valuations today are much cheaper than they were during the 1999-2000 period (see valuation chart on page 9).

Nasdaq 100 Monthly Chart: Up Trend With Cup and Handle Breakout



Nasdaq 100 From 1997-2001: A Major Top Signal, The Peak In the Markets

Nasdaq 100 Monthly Chart From 1997-2001



A Repeat Of The Roaring '20s?

Many investors have compared the current market bull run to the 1999-2000 period, but we think this is wrong. The pattern of the 1920s seems to be more like the patterns seen today. Remember: patterns repeat but are never exactly the same. We believe that if we are repeating a pattern, it is more like the Roaring '20s. We look at the Dow Jones Industrial Average (DJIA) from 1886-1934. There was a trading range for 25 years, from 1900-1925, which led to the rally from 1925 to the peak in 1929. The Nasdaq 100 had a trading range for 17 years and broke out in 2017. We believe that based on the trading patterns we are still in the early stages of the rally and not near a peak. We believe we have several more years of this move. Based on the long-term secular cycles, this bull run can last until 2029-2030. If this is a bubble cycle, we are only in the early stages. Valuations and earnings support this market rally. As we've noted in the past: in secular bull markets, valuations expand. We believe before this bull market ends, valuations could go to levels last seen in 2000 and could even surpass them.

DJIA From 1896-1934: 25-Year Breakout Leads To Roaring '20s



Nasdaq 100 From 1990-2024: 17-Year Breakout Leads To A New Roaring '20s



Price/Earnings Ratios Are Not At An Extreme – Look For P/Es To Expand



Source: Standard & Poor's and Sanctuary Wealth, March 17, 2024

 **Week of March 18, 2024**

Market Performance

	Last 3/15/2024	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 3/16/2023	Year To Year
S&P 500	5117.09	5096.27	0.4%	4769.83	7.3%	4769.83	7.3%	3960.28	29.2%
NASDAQ Composite	15973.17	16091.92	-0.7%	15011.35	6.4%	15011.35	6.4%	11717.28	36.3%
NASDAQ 100	433.92	439.00	-1.2%	409.52	6.0%	409.52	6.0%	306.81	41.4%
Russell 2000	2039.32	2054.84	-0.8%	2027.07	0.6%	2027.07	0.6%	1771.24	15.1%
S&P Consumer Discretionary Sector	1435.10	1485.31	-3.4%	1418.09	1.2%	1418.09	1.2%	1111.48	29.1%
S&P Consumer Staples Sector	799.72	789.20	1.3%	762.32	4.9%	762.32	4.9%	755.19	5.9%
S&P Energy Sector	693.48	653.14	6.2%	640.05	8.3%	640.05	8.3%	593.72	16.8%
S&P Financial Sector	676.95	670.05	1.0%	626.35	8.1%	626.35	8.1%	530.45	27.6%
S&P Health Care Sector	1690.34	1686.41	0.2%	1590.36	6.3%	1590.36	6.3%	1481.54	14.1%
S&P Industrials Sector	1030.54	1022.56	0.8%	964.73	6.8%	964.73	6.8%	828.48	24.4%
S&P Information Technology Sector	3760.29	3748.57	0.3%	3397.16	10.7%	3397.16	10.7%	2503.80	50.2%
S&P Materials Sector	570.26	550.91	3.5%	539.62	5.7%	539.62	5.7%	481.41	18.5%
S&P Real Estate Sector	243.82	245.41	-0.6%	251.58	-3.1%	251.58	-3.1%	231.63	5.3%
S&P Communications Sector	273.37	272.50	0.3%	246.00	11.1%	246.00	11.1%	183.43	49.0%
S&P Utilities Sector	319.70	313.71	1.9%	321.92	-0.7%	321.92	-0.7%	341.20	-6.3%
S&P 500 Total Return	11115.69	11062.11	0.5%	10327.83	7.6%	10327.83	7.6%	8468.33	31.3%
3 month Treasury Bill Price	98.66	98.65	0.0%	98.66	0.0%	98.66	0.0%	98.83	-0.2%
3 month Treasury Bill Total Return	246.71	246.09	0.3%	243.98	1.1%	243.98	1.1%	234.18	5.3%
10 Year Treasury Bond Future	110.08	110.44	-0.3%	112.89	-2.5%	112.89	-2.5%	113.66	-3.1%
10 Year Treasury Note Total Return	288.65	288.95	-0.1%	294.12	-1.9%	294.12	-1.9%	289.54	-0.3%
iShares 20+ Year Treasury Bond ETF	92.94	94.18	-1.3%	98.88	-6.0%	98.88	-6.0%	105.27	-11.7%
S&P Municipal Bond Total Return	273.27	272.74	0.2%	272.94	0.1%	272.94	0.1%	261.81	4.4%
iShares S&P National Municipal Bond NAV	107.81	107.92	-0.1%	108.42	-0.6%	108.42	-0.6%	106.58	1.2%
S&P 500 Investment Grade Corporate Bond Total Return	449.24	448.78	0.1%	455.89	-1.5%	455.89	-1.5%	428.71	4.8%
S&P Investment Grade Corporate Bond	90.03	90.01	0.0%	91.76	-1.9%	91.76	-1.9%	89.03	1.1%
S&P Investment Grade Corporate Bond Total Return	477.65	476.73	0.2%	482.66	-1.0%	482.66	-1.0%	453.08	5.4%
SPDR Bloomberg High Yield Bond ETF	94.36	94.62	-0.3%	94.73	-0.4%	94.73	-0.4%	90.45	4.3%
iShares iBoxx High Yield Corporate Bond ETF	77.07	77.33	-0.3%	77.39	-0.4%	77.39	-0.4%	73.81	4.4%
Gold	2155.90	2044.30	5.5%	2062.98	4.5%	2062.98	4.5%	1919.52	12.3%
Bitcoin	67859.13	61430.64	10.5%	41935.34	61.8%	41935.34	61.8%	24753.63	174.1%

Source: Bloomberg, Sanctuary Wealth, March 15, 2024

Dot... Dot... Data...

This week all eyes will be on the FOMC rate decision, the Fed Dot Plot and news from Nvidia's AI conference.

The Federal Open Market Committee (FOMC) meets on March 19-20, and they'll announce their decision about any action on interest rates (everyone is expecting them to sit tight). But the Fed Governors will also release their dot plot, which will reveal their individual forecasts of where they see interest rates this year. The last time dot plot was reported, the group expected three rate cuts this year. The market has finally caught up with the Fed, pulling back from an estimated seven cuts (pipe dream!) to now only three (realistic!) – with the first cut expected in June.

Let's see what the Fed reveals for rates and the markets. Many will be watching to see if the resistance on the 10-and 2-year Treasury yields holds. If resistance does hold, stocks should not correct much and could even rally into the last week heading into the quarter end.

Many eyes will also focus on Nvidia GTC 2024, Nvidia's (NVDA) AI conference which starts on Monday in San Jose. Nvidia CEO Jensen Huang is expected to speak at the developers conference where many await possible new product announcements.



Calendar

Mon.

10:00 am Homebuilder conference
Earnings: dLocal, Science Applications, StoneCo

Tue.

8:30 am Housing starts, Building permits
Earnings: Caleres, Endeavour Silver, Tencent Music, ZTO Express

Wed.

2:00 pm FOMC interest-rate decision
2:30 pm Fed Chair Powell press conference
Earnings: BioNTech, BlackBerry, BRP, Chewy, Five Below, General Mills, Guess?, KB Home, Kingsoft Cloud, Micron, Ollie's Bargain Outlet, Signet Jewelers

Thu.

8:30 am Initial jobless claims, Philadelphia Fed manufacturing survey
9:45 am S&P flash U.S. services PMI, S&P flash U.S. manufacturing PMI
10:00 am U.S. leading economic indicators, Existing home sales
12:00 pm Fed Vice Chair for Supervision Michael Barr speaks
Earnings: AAR Corp, Academy Sports + Outdoors, Accenture, Darden Restaurants, Designer Brands, FactSet, FedEx, Lululemon Athletica, Nike, Shoe Carnival, Titan Machinery, Winnebago, Worthington Steel

Fri.

9:00 am Fed Chair Powell takes part in Fed listens event
12:00 pm Fed Vice Chair for Supervision Michael Barr speaks
4:00 pm Atlanta Fed President Raphael Bostic speaks

Source: MarketWatch/Kiplinger

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