



Week Ahead

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Week of April 29, 2024

Something Every Day This Week Ready to Move Markets

From Stagflation Scare To Strong Tech Earnings

Last week, the 1Q24 GDP report had growth coming in below expectations (1.6% vs. 2.5%) with the quarterly Core PCE (Personal Consumption Expenditures Price Index) coming in higher than expected (3.7% vs. 3.4%).

This spooked markets that the economy was heading toward stagflation and instilled fear that the monthly Core PCE would come in much higher than expected year to year. But it came in only slightly higher at 2.8% vs. 2.7%. Investors were relieved.

We also found that the consumer is still in spending mode, with overall spending remaining at a healthy level. But the real shock last week was the strength of earnings coming from the technology space, particularly Alphabet, the parent company of Google, which not only beat expectations, but issued its first dividend and added to its share buyback. Shares rocketed up 10% higher on the day, to a record all-time high, restoring confidence that the equity markets can power even higher.

Core Personal Consumption Expenditure (PCE) Year-To-Year Still Falling



Alphabet (GOOGL) Monthly Chart: Major Breakout To Record High!



Mid-Point in Earnings Seasons With EPS Much Higher Than Expected!

Also adding to investor confidence is that earnings for the S&P 500 are coming in significantly higher than expected. We're now at the midpoint of earnings season, and FactSet is reporting that 46% of the companies in the S&P 500 have reported 1Q24 earnings to date – and that 77% of them have reported actual EPS above estimates, which is above the 10-year average of 74%. In aggregate, companies are reporting earnings that are 8.4% above estimates, which is above the 10-year average of 6.7%. Many Wall Street strategists were expecting earnings to grow at 7%. So, if earnings growth remains around 8%, this will be a shocking surprise to investors. Importantly, if this is the case, the current valuation of the equity market is cheaper than most believe, which is one reason we believe the equity market is rallying.

Time To Buy Stocks

With earnings coming in much stronger than expected, and interest rates high but likely near peaks, it means it's time to buy stocks! Our outlook has been for the S&P 500 to reach 5600-5800 this year, which is a 10%-14% rally from current levels. We continue to favor the Technology sector with Semiconductors as the Leader of the Pack. We also favor the Industrials as infrastructure remains a major theme for the markets, and the Communications Services is also expected to outperform. With the consumer still spending, the Consumer Discretionary sector is expected to perform better than the Consumer Staples sector. Energy remains a deep value play – with good cash flows and dividends, and can serve as a good diversifier against market volatility.

The S&P 500 has held the 100-day moving average, and the 14-day price momentum stochastic is on a buy signal, along with the Relative Strength Index. There could be some choppiness this week as we get the Federal Reserve rate decision on Wednesday (virtually universal expectations that rates will be held steady), plus a ton of economic data and a full slate of more corporate earnings announcements. We remain buyers here, even if markets were to consolidate.

The Nasdaq 100 had a deeper correction, breaking the 100-day moving average but, with tech earnings coming in better than expected, the Nasdaq is back above the 100-day moving average. The 14-day price momentum stochastic and Relative Price Index both generated a buy signal. Again, some choppiness could still occur, but we remain buyers.

S&P 500 With 14-Day Stochastic And Relative Strength Index With A Buy Signal



Nasdaq 100 With 14-Day Stochastic And Relative Strength Index With A Buy Signal



Interest Rates Look Topy – Should Be Peaking

Interest rates on both the 2-year and 10-year Treasury have risen on the concern that inflation is sticky. Inflation measures seem to be like those last 10 pounds you struggle to lose – it's tough going, but with commitment and discipline, that weight will come off! Well, that's the mindset at the Fed – Chair Powell and team are committed to fighting inflation and we believe they'll trim inflation fat. *In our view, inflation will be stable to falling, and this will allow rates to peak and equity markets to rally!*

2-Year Treasury Yield With 14-Day Stochastic Very Overbought – Rates Should Be Peaking



10-Year Treasury Yield With 14-Day Stochastic Very Overbought – Rates Should Be Peaking



 **Week of April 29, 2024**

Market Performance

	Last 4/26/2024	Month End 3/29/2024	Month to Date	Quarter End 3/29/2024	Quarter to Date	Year End 12/29/2023	Year to Date	Year Ago 4/27/2023	Year To Year
S&P 500	5099.96	5254.35	-2.9%	5254.35	-2.9%	4769.83	6.9%	4135.35	23.3
NASDAQ Composite	15927.90	16379.46	-2.8%	16379.46	-2.8%	15011.35	6.1%	12142.24	31.2
NASDAQ 100	431.00	444.01	-2.9%	444.01	-2.9%	409.52	5.2%	320.35	34.5
Russell 2000	2002.00	2124.55	-5.8%	2124.55	-5.8%	2027.07	-1.2%	1751.22	14.3
S&P Consumer Discretionary Sector	1430.49	1485.49	-3.7%	1485.49	-3.7%	1418.09	0.9%	1152.85	24.1
S&P Consumer Staples Sector	806.49	814.23	-1.0%	814.23	-1.0%	762.32	5.8%	803.31	0.4
S&P Energy Sector	731.34	721.24	1.4%	721.24	1.4%	640.05	14.3%	645.68	13.3
S&P Financial Sector	678.86	701.32	-3.2%	701.32	-3.2%	626.35	8.4%	544.95	24.6
S&P Health Care Sector	1630.84	1723.97	-5.4%	1723.97	-5.4%	1590.36	2.5%	1542.80	5.7
S&P Industrials Sector	1038.07	1066.71	-2.7%	1066.71	-2.7%	964.73	7.6%	838.37	23.8
S&P Information Technology Sector	3679.38	3821.05	-3.7%	3821.05	-3.7%	3397.16	8.3%	2621.78	40.3
S&P Materials Sector	563.68	585.16	-3.7%	585.16	-3.7%	539.62	4.5%	501.40	12.4
S&P Real Estate Sector	228.57	248.16	-7.9%	248.16	-7.9%	251.58	-9.1%	234.04	-2.3
S&P Communications Sector	288.11	284.29	1.3%	284.29	1.3%	246.00	17.1%	197.28	46.0
S&P Utilities Sector	336.09	333.49	0.8%	333.49	0.8%	321.92	4.4%	350.94	-4.2
S&P 500 Total Return	11090.46	11418.03	-2.9%	11418.03	-2.9%	10327.83	7.4%	8854.32	25.3
3 month Treasury Bill Price	98.65	98.66	0.0%	98.66	0.0%	98.66	0.0%	98.71	-0.1
3 month Treasury Bill Total Return	248.22	247.21	0.4%	247.21	0.4%	243.98	1.7%	235.39	5.5
10 Year Treasury Bond Future	107.58	110.80	-2.9%	110.80	-2.9%	112.89	-4.7%	114.73	-6.2
10 Year Treasury Note Total Return	283.83	291.09	-2.5%	291.09	-2.5%	294.12	-3.5%	292.59	-3.0
iShares 20+ Year Treasury Bond ETF	88.24	94.62	-6.7%	94.62	-6.7%	98.88	-10.8%	104.77	-15.8
S&P Municipal Bond Total Return	269.49	272.69	-1.2%	272.69	-1.2%	272.94	-1.3%	263.41	2.3
iShares S&P National Municipal Bond NAV	105.98	107.42	-1.3%	107.42	-1.3%	108.42	-2.3%	106.97	-0.9
S&P 500 Investment Grade Corporate Bond Total Return	442.70	453.46	-2.4%	453.46	-2.4%	455.89	-2.9%	436.89	1.3
S&P Investment Grade Corporate Bond	88.40	90.59	-2.4%	90.59	-2.4%	91.76	-3.7%	90.35	-2.2
S&P Investment Grade Corporate Bond Total Return	471.39	481.59	-2.1%	481.59	-2.1%	482.66	-2.3%	461.88	2.1
SPDR Bloomberg High Yield Bond ETF	93.73	95.20	-1.5%	95.20	-1.5%	94.73	-1.1%	92.13	1.7
iShares iBoxx High Yield Corporate Bond ETF	76.62	77.73	-1.4%	77.73	-1.4%	77.39	-1.0%	75.04	2.1
Gold	2337.96	2229.87	4.8%	2229.87	4.8%	2062.98	13.3%	1987.78	17.6
Bitcoin	63939.27	69654.16	-8.2%	69654.16	-8.2%	41935.34	52.5%	29633.43	115.8

Source: Bloomberg, Sanctuary Wealth, April 27, 2024

Don't Be Surprised By Surprises

This is a week where every day something can spark movement in the markets.

In a week chockfull of earnings reports, economic data, inflation indicators and the sort, you might expect the Fed's announcement about interest rates would be the highlight. But the market fully expects Chair Powell to confirm he's holding tight a little bit longer before considering a rate cut. So, the daily data dumps and the earnings euphoria every day could swing investors any which way.

Bottom line is that the market can move based on what comes across the ticker any minute. So, this Bull may buck – but if the expectation is that there will be bucking, then smart riders will know how to hold on and do some buying.



Calendar

Mon.

Earnings: Amkor, Arch Capital, Brixmor Property, Chegg, Coursera, Crown Holdings, Cushman & Wakeman, CVR Energy, Domino's Pizza, Douglas Dynamics, Element Solutions, Everest Group, F5 Networks, Flowserve, Franklin Resources, Harmonic, JinkoSolar, Kforce, Lattice Semiconductor, LTC Properties, Medifast, MicroStrategy, NXP Semiconductors, ON Semiconductor, Paramount Global, PotlatchDeltic, Qiagen, Rambus, Revvity, Sanmina, SBA Communications, Sensata Technologies, SoFi Technologies, Sun Communities, Welltower, Woodward, Yum China

Tue.

8:30 am Employment cost index
9:00 am S&P Case-Shiller home price index (20 cities)
9:45 am Chicago Business Barometer (PMI)
10:00 am Consumer confidence

Earnings: 3M, ACI Worldwide, Advanced Micro Devices, Air Products, Amazon.com, American Electric, American Tower, Archer-Daniels-Midland, Armstrong World Industries, Ashland, ATI, Axos Financial, Blackbaud, Boston Properties, Brinker International, Caesars Entertainment, CenterPoint Energy, Chesapeake Energy, Clorox, Coca-Cola, Corning, Dana, Denny's, Diamondback Energy, DigitalBridge, Eaton, Ecolab, Edison International, Eli Lilly, Enterprise Products, Equitable Holdings, Equitrans Midstream, Essex Property, Essex Property, Exelixis, Extra Space Storage, Franklin Electric, Gartner, GE Healthcare, Graphic Packaging, Gulfport Energy, Harmony Biosciences, Hillenbrand, Hubbell, Huron Consulting, Invitation Homes, Illinois Tool Works, Incyte, Lear, Leggett & Platt, Macerich, Lemonade, Lending Club, Littelfuse, LPL Financial, Lumen Technologies, Marathon Petroleum, Martin Marietta Materials, Matson, McDonald's, Mirion Technologies, Molson Coors Brewing, Mondelez International, MPLX, Northern Oil & Gas, Oaktree Specialty Lending Corp, O-I Glass, OneMain Holdings, ONEOK, PACCAR, Park Hotels & Resorts, PayPal Holdings, Piedmont Office Realty Trust, Penske Automotive Group, Pinterest, Powell Industries, Prudential, Public Service, Public Storage, Republic Services, Sirius XM Holdings, Skyworks Solutions, STAG Industrial, Starbucks, Stryker, Sysco, Super Micro Computer, Tanger, Taylor Morrison Home, Tenet Healthcare, Trane Technologies, UDR, UFP Industries, Unum Group, Voya Financial, Werner Enterprises, W.P. Carey, Taylor Morrison Home, Tenet Healthcare, Trane Technologies, UFP Industries, Zebra Technologies

Wed.

8:15 am ADP employment
10:00 am Construction spending, ISM manufacturing, Job openings
2:00 pm FOMC interest-rate decision
2:30 pm Fed Chair Powell press conference
5:30 pm Auto sales

Earnings: Acadia Healthcare, AerCap Holdings, Aflac, Albemarle, Alkami Technology, Alkermes, Allstate, American Financial Group, American International Group, American Water Works, ANSYS, APA, Ares Capital, Automatic Data Processing, Avis Budget, Avista, Avnet, Axalta Coating Systems, Axcelis Technologies, AXIS Capital, Bally's Corp, Bausch + Lomb, Beazer Homes, Berry Petroleum, Bio-Techne, BrightView, Brookfield Infrastructure, Camping World, Carvana, CDW, CF Industries, CGI Group, C.H. Robinson Worldwide, Chefs' Warehouse, Clean Harbors, Clearwater Analytics, Coeur Mining, Cognizant Technology Solutions, Comstock Resources, Conduent, Corteva, Cross Country Healthcare, CTS Corp, Curtiss-Wright, CVS Health, Dayforce, Devon Energy, Digi International, DoorDash, DuPont, eBay, Envista Holdings, EPR Properties, Estee Lauder, Equity Commonwealth, Etsy, eXp World Holdings, Extreme Networks, Fastly, First Solar, Flex, Freshworkds, Garmin, Generac, Gibraltar Industries, Glaukos, GlaxoSmithKline, Global Payments, Green Brick Partners, Hanover Insurance, Heartland Financial, Herbalife Nutrition, Host Hotels & Resorts, Hudson Pacific Properties, IDEXX Laboratories, Informatica, Jazz Pharmaceuticals, Johnson Controls, Kemper, KKR, Knowles, Kraft Heinz, Kulicke & Soffa, Life Time Group Holdings, LivaNova, Marriott International, Marathon Oil, Mastercard, MetLife, MGIC Investment, MGM Resorts, Mister Car Wash, Monolithic Power, Mosaic, Murphy USA, National Fuel Gas, National Storage Affiliates, Netgear, Neurocrine Biosciences, Norwegian Cruise Lines, OGE Energy Parsons, Paramount Group, Paycom Software, Pfizer, Pilgrim's Pride, PPL Corp, Procure Technologies, PTC, Qorvo, Qualcomm, Radian Group, Rayonier, Repligen, Rush Street Interactive, Ryman Hospitality, Schrodinger, Scotts Miracle-Grow, Silgan Holdings, Smith Douglas Homes, Spire, Sprouts Farmers Market, Stagwell, Sunnova Energy, Tetra Tech, Vita Coco, Trinity Industries, TTM Technologies, UGI Corp, Upwork, Valmont Industries, Ventas, VICI Properties, Westlake, Wingstop, Wolfspeed, Yum! Brands, Zillow

Thu.

8:30 am Initial jobless claims, U.S. trade deficit, U.S. productivity, U.S. unit-labor costs
10:00 am Factory orders

Earnings: AAON, ACCO Brands, AES, AGCO Corp, Agios Pharmaceuticals, Altice USA, American Homes 4 Rent, Amgen, Apollo Global Management, Apple, Aptiv, ArcelorMittal, Arcosa, Ares Management, Arrow Electronics, Asure Software, Baxter, Beacon Roofing Supply, Becton, BigBear.ai, Bill.com, BJ Restaurants, Block, Booking Holdings, Bright Horizons, Cable ONE, Camden Property, Dickinson and Company, BorgWarner, BrightSpring Health Services, Canada Goose, Cardinal Health, Church & Dwight, Cinemark, Civitas Resources, Cloudflare, CNH Industrial, Cognex, Cohu, Coinbase Global, Con Edison, ConocoPhillips, Coterra Energy, Cummins, CyberArk Software, DaVita, Diamondrock Hospitality, Digital Realty Trust, Dolby Labs, Dominion Energy, DraftKings, Driven Brands, El Pollo Loco, Enovis Corporation, EOG Resources, Expedia Group, Eversource Energy, Exelon, EXLSERVICE, Federal Realty, Ferrari, Five9, Floor & Décor, Fortinet, Fox Factory Holding, Frontdoor, Frontier Group Holdings, GoDaddy, Hologic, Howmet Aerospace, Huntington Ingalls, Huntsman, IdaCorp, Illumina, InMode, Ingersoll-Rand, Insight Enterprises, Intercontinental Exchange, InterDigital, IQVIA, Iron Mountain, Itron, ITT, Janus Henderson Group, Kellanova, Kilroy Realty, Kimbell Royalty Partners, Kimco Realty, Kontoor Brands, Lamar Advertising, Lamar Advertising, Lancaster Colony, Lincoln National, Linde, Live Nation, LXP Industrial Trust, Malibu Boats, MasTec, Moderna, Motoroal Solutions, Moody's, MP Materials, Murphy Oil, Omega Health, Open Text, Opendoor Technologies, Organon, Parker-Hannifin, Paylocity, Peabody Energy, Peloton Interactive, PENN Entertainment, Pinnacle West, Pioneer Natural Resources, Pitney Bows, Post, Quaker Chemical, Quanta Services, Regeneron Pharmaceuticals, RE/MAX Holdings, Reinsurance Group of America, Rocket Companies, Ryan Specialty Group, Sabre, Sealed Air, Shake Shack, Shutterstock, Silicon Motion, SM Energy, SolarWinds, Southern, Southwestern Energy, Stanley Black & Decker, Tandem Diabetes Care, Texas Roadhouse, The Cigna Group, Turning Point Brands, The Utz Brands, U.S. Steel, Universal Display, Viavi, Vontier, Vulcan Materials, Walker & Dunlop, Wayfair, Wendy's, WestRock, Workiva, WW, Xenia Hotels, XPEL, Xponential Fitness, Xylem, Zoetis

8:30 am U.S. employment report, U.S. unemployment rate, U.S. hourly wages, Hourly wages year over year
10:00 am ISM services

Fri.

7:45 pm Chicago Fed President Austan Goolsbee speech
8:15 pm New York Fed President John Williams speech

Earnings: Adient, American Axle, Brookfield Renewable Partners, Cboe Global Markets, CBRE Group, Chart Industries, Cheniere Energy, Corebridge Financial, Essent, Fluor, Green Plains, Hershey Foods, Imperial Oil, Koppers Holdings, Newmark Group, Owens & Minor, Plains All American, Protolabs, Trimble, Uniti Group, XPO

Source: MarketWatch/Kiplinger

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