



## Week Ahead

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### Week of May 28, 2024

## Supercharged: Nvidia EPS Skyrockets, While Economic Growth Continues To Surprise To The Upside

Nvidia (NVDA) might very well be the greatest corporate success story of all time. Hyperbole? Not when you think about how it started, what it has accomplished so far, and what it is poised to do – especially as a company with no immediate competition.

Nvidia was founded in 1993 by Jensen Huang, Chris Malachowsky, and Curtis Priem, three visionaries from the semiconductor and computer graphics industries. The idea for their new company was conceived during meetings at a Denny's restaurant, where the trio would meet to discuss creating powerful graphics chips for video games. Their breakthrough product, the world's first GPU (graphics processing unit), came in 1999 and revolutionized gaming and computer graphics, establishing Nvidia as a leader in artificial intelligence and deep learning. They moved on to reinventing semiconductor chips to accelerate the computing power needed for AI. As a result of its success, Nvidia is today the most watched and talked about company in the world. It not only has the chip, but it has a whole turnkey system design that can be customized for AI computing, a game-changing advantage for data centers. In the next few years, it may be possible for Nvidia to become the largest company in the S&P 500, surpassing Microsoft (MSFT) and Apple (AAPL). Today NVDA is the third largest. Technically speaking, the stock is going higher as it appears to have bullish gaps – the first occurred in May of 2023, following its earnings report, and another occurred just last week. Again, technically, the stock target range is \$1200-\$1400, which represents a gain of 15% to 35% from current levels. Note: the stock is scheduled to have a 10-1 stock split on June 10th.

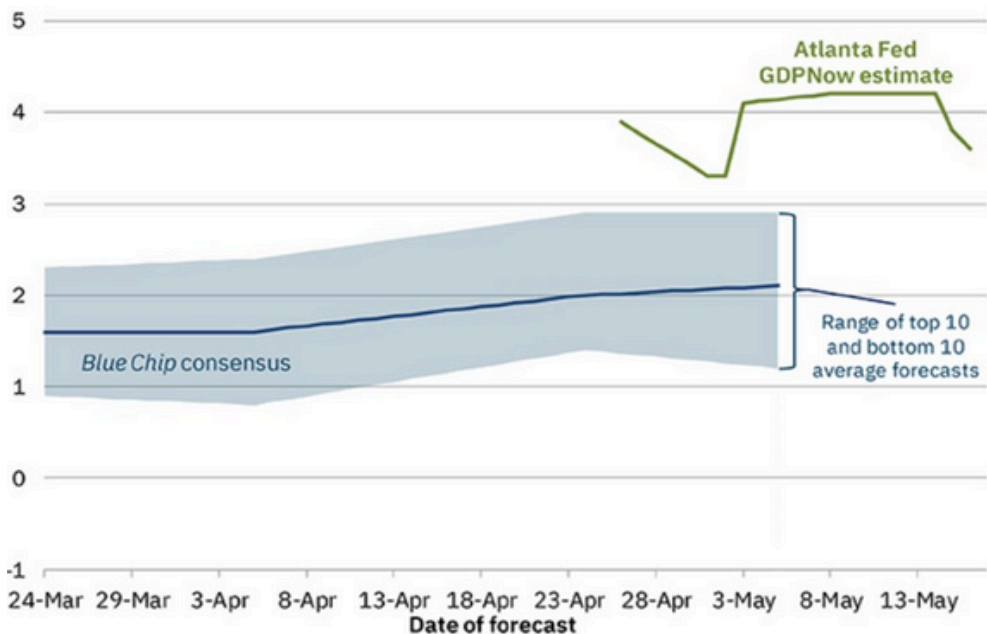
Meanwhile, economic data continues to improve, and this has the market concerned that the Federal Reserve (Fed) will not be able to lower interest rates as widely expected and hoped for. As of May 24, the Atlanta GDPNow tracker is estimating the U.S. economy is growing at 3.5% above most estimates by economists.

## NVIDIA With Second Breakaway Gap: 1st Target \$1200; 2nd Target \$1400



## Atlanta GDPNow Tracker Has Economic Growth Higher Than Forecasts

Evolution of Atlanta Fed GDPNow real GDP estimate for 2024: Q2  
Quarterly percent change (SAAR)



Sources: Blue Chip Economic Indicators and Blue Chip Financial Forecasts

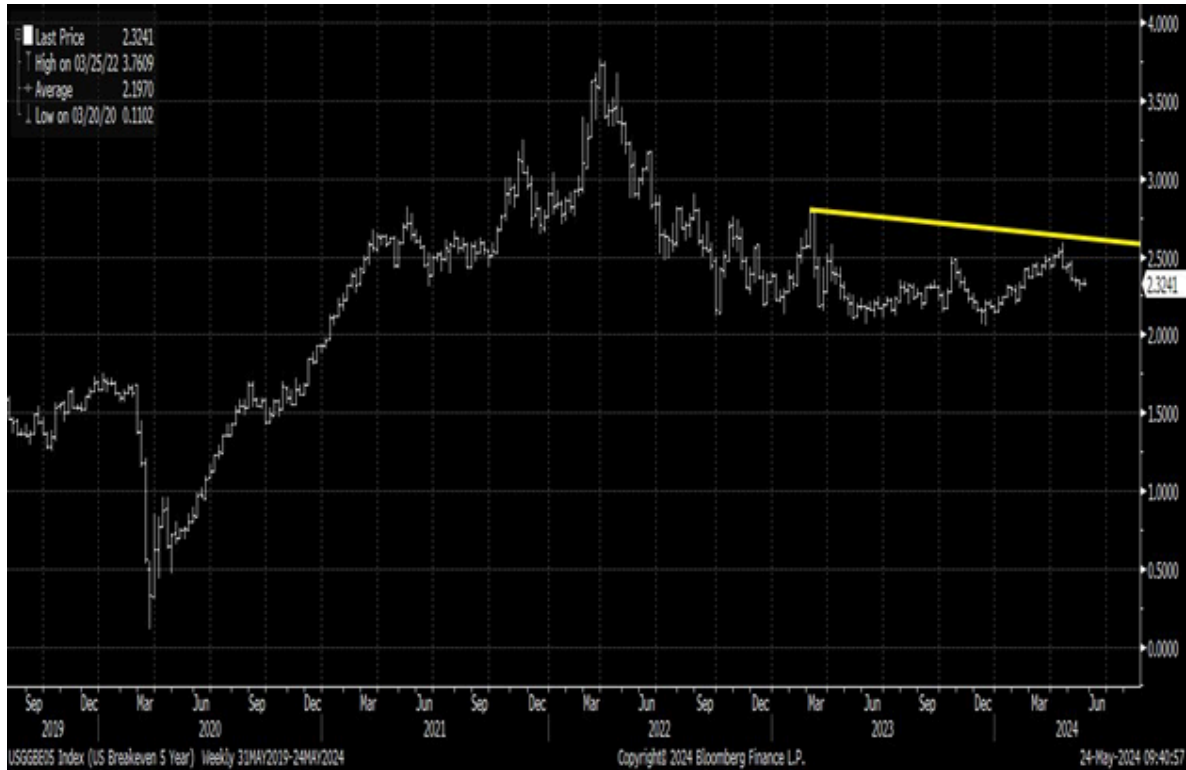
Note: The top (bottom) 10 average forecast is an average of the highest (lowest) 10 forecasts in the Blue Chip survey.

Source: Atlanta Federal Reserve, May 24, 2024

## Inflation Expectations Remain Low

Breakevens measure inflation expectations, and today, the 5-year breakevens are measuring inflation at 2.3%. This should be a positive for the Federal Reserve's decision makers, as they're hoping for the data to anchor inflation enough to support interest rate cuts. It's our view that the Fed would like to lower rates before the November presidential election, likely in September, if the data is supportive. But economic data coming in stronger than expected makes the markets concerned that the Fed will have no choice but to take cuts off the table. We'll learn more on Friday with the release of the Core PCE (Personal Consumption Expenditures Price Index).

## 5-Year US Breakevens Trending Down



## The Bull Can Buck But Momentum Remains Up for Stocks

As measured by the VIX index, volatility is low, therefore, equity markets can have periods of bucking or pullbacks. But the overall momentum of the market – as measured by the Moving Average Convergence/Divergence (MACD) – is still rising, showing strong momentum. We maintain our view that the S&P 500 can reach 5600-5800 this year.

## VIX Index With MACD: Volatility Low & Can Rise Causing Some Bucking



S&P 500 With Bullish MACD Momentum



Nasdaq 100 With Bullish MACD Momentum





## 1Q24 Earnings Surprise To The Upside Again!

Earnings announcements are nearly complete for 1Q24, with 480 companies reporting. Notably, 64% had positive sales surprises, and 82% had an earnings surprise. Technology continues to be the standout sector and remains the leader of this bull market.

General Overview - Surprise							
	Reported	Sales Surprise			Earnings Surprise		
		% Pos	Avg	Weighted	% Pos	Avg	Weighted
S&P 500	480 / 500	64%	1.08%	1.14%	82%	7.17%	8.44%
Non - Cyclical Sectors:							
Health Care	62 / 64	73%	2.49%	0.49%	89%	9.02%	9.70%
Utilities	31 / 31	39%	-5.26%	-6.07%	73%	8.93%	9.09%
Cons Staple	31 / 38	65%	0.59%	0.63%	90%	14.26%	9.23%
Cyclical Sectors:							
Industrials	79 / 79	57%	0.66%	0.94%	86%	8.17%	5.90%
Real Estate	31 / 31	87%	4.67%	11.22%	84%	5.30%	4.29%
Financials	70 / 71	69%	2.83%	4.86%	77%	4.44%	9.26%
Materials	28 / 28	54%	-0.21%	0.12%	75%	5.38%	5.82%
Energy	22 / 22	59%	0.60%	1.69%	68%	7.31%	1.39%
Info Tech	59 / 65	73%	0.88%	1.11%	90%	10.51%	5.59%
Comm Service	19 / 19	47%	0.52%	0.41%	79%	12.78%	12.40%
Cons Disc	48 / 52	60%	0.87%	0.25%	77%	-2.72%	16.15%

Source: Azimut, May 24, 2024

## Market Performance

	Last 5/24/2024	Month End 4/30/2024	Month to Date	Quarter End 3/29/2024	Quarter to Date	Year End 12/29/2023	Year to Date	Year Ago 5/25/2023	Year To Year
S&P 500	5304.72	5035.69	5.3%	5254.35	1.0%	4769.83	11.2%	4151.28	27.8%
NASDAQ Composite	16920.79	15657.82	8.1%	16379.46	3.3%	15011.35	12.7%	12698.09	33.3%
NASDAQ 100	457.95	424.59	7.9%	444.01	3.1%	409.52	11.8%	339.72	34.8%
Russell 2000	2069.67	1973.91	4.9%	2124.55	-2.6%	2027.07	2.1%	1754.61	18.0%
S&P Consumer Discretionary Sector	1427.98	1420.81	0.5%	1485.49	-3.9%	1418.09	0.7%	1162.34	22.9%
S&P Consumer Staples Sector	823.43	805.51	2.2%	814.23	1.1%	762.32	8.0%	762.16	8.0%
S&P Energy Sector	694.07	714.95	-2.9%	721.24	-3.8%	640.05	8.4%	604.77	14.8%
S&P Financial Sector	690.92	671.09	3.0%	701.32	-1.5%	626.35	10.3%	528.91	30.6%
S&P Health Care Sector	1680.72	1634.44	2.8%	1723.97	-2.5%	1590.36	5.7%	1486.30	13.1%
S&P Industrials Sector	1051.77	1028.09	2.3%	1066.71	-1.4%	964.73	9.0%	824.03	27.6%
S&P Information Technology Sector	4031.15	3612.61	11.6%	3821.05	5.5%	3397.16	18.7%	2834.06	42.2%
S&P Materials Sector	574.79	558.16	3.0%	585.16	-1.8%	539.62	6.5%	477.22	20.4%
S&P Real Estate Sector	233.79	226.77	3.1%	248.16	-5.8%	251.58	-7.1%	221.10	5.7%
S&P Communications Sector	298.03	277.98	7.2%	284.29	4.8%	246.00	21.2%	207.37	43.7%
S&P Utilities Sector	361.60	338.80	6.7%	333.49	8.4%	321.92	12.3%	326.45	10.8%
S&P 500 Total Return	11551.56	10951.66	5.5%	11418.03	1.2%	10327.83	11.8%	8902.84	29.8%
3 month Treasury Bill Price	98.66	98.65	0.0%	98.66	0.0%	98.66	0.0%	98.67	0.0%
3 month Treasury Bill Total Return	249.28	248.29	0.4%	247.21	0.8%	243.98	2.2%	236.19	5.5%
10 Year Treasury Bond Future	108.70	107.44	1.2%	110.80	-1.9%	112.89	-3.7%	112.63	-3.5%
10 Year Treasury Note Total Return	287.98	283.63	1.5%	291.09	-1.1%	294.12	-2.1%	288.36	-0.1%
iShares 20+ Year Treasury Bond ETF	91.38	88.22	3.6%	94.62	-3.4%	98.88	-7.6%	100.28	-8.9%
S&P Municipal Bond Total Return	269.92	269.77	0.1%	272.69	-1.0%	272.94	-1.1%	259.89	3.9%
iShares S&P National Municipal Bond NAV	105.87	106.10	-0.2%	107.42	-1.4%	108.42	-2.4%	105.35	0.5%
S&P 500 Investment Grade Corporate Bond Total Return	450.28	442.92	1.7%	453.46	-0.7%	455.89	-1.2%	427.98	5.2%
S&P Investment Grade Corporate Bond	89.56	88.41	1.3%	90.59	-1.1%	91.76	-2.4%	88.43	1.3%
S&P Investment Grade Corporate Bond Total Return	479.13	471.67	1.6%	481.59	-0.5%	482.66	-0.7%	453.49	5.7%
SPDR Bloomberg High Yield Bond ETF	94.28	93.43	0.9%	95.20	-1.0%	94.73	-0.5%	90.21	4.5%
iShares iBoxx High Yield Corporate Bond ETF	77.09	76.29	1.0%	77.73	-0.8%	77.39	-0.4%	73.57	4.8%
Gold	2333.83	2286.25	2.1%	2229.87	4.7%	2062.98	13.1%	1941.41	20.2%
Bitcoin	68849.43	59868.89	15.0%	69654.16	-1.2%	41935.34	64.2%	26490.20	159.9%

Source: Bloomberg, Sanctuary Wealth, May 24, 2024

## Core PCE To Take Center Stage

*It's a short week as investors sit tight, awaiting Core PCE on Friday.*

Since first breaking through the 40,000 mark on May 17, the Dow Jones Industrial Average (DJIA) has not been able to hold about that milestone. But the market's preoccupation has now returned to inflation – and the battle between economic growth and the desire for rate cuts. This Friday's report on Core PCE will take center stage and simply dominate every conversation. Currently the data is tracking at 2.8% – and a survey of economists is expecting April's print to remain at 2.8%. This week, we'll also get data on how the consumer is spending. So, stay alert – what we learn this week could set the stage for a summerlong rally.



# Calendar

Mon.

Memorial Day Holiday

Tues.

12:55 am Cleveland Fed President Loretta Mester and Fed Gov. Michelle Bowman speak in Japan 9:00 am S&P Case-Shiller home price index (20 cities)

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9:55 am Minneapolis Fed President Neel Kashkari speaks

10:00 am Consumer confidence

1:00 pm Fed Gov. Lisa Cook and San Francisco Fed President Mary Daly speaks

Earnings Bank of Montreal, Bank of Nova Scotia, Baozun, Box, CAVA Group, Hello Group, HEICO

Wed.

1:45 pm New York Fed President John Williams speaks

2:00 pm Fed Beige Book

7:00 pm Atlanta Fed President Raphael Bostic speaks

Earnings Abercrombie & Fitch, Advance Auto Parts, Agilent Technologies, American Eagle Outfitters, C3.ai, Capri Holdings, Chewy, Columbus McKinnon, Credo Technology Group, Dick's Sporting Goods, HP, nCino, Nutanix, Okta, Pure Storage, Royal Bank of Canada, Salesforce, Stratasys, UiPath

Thurs.

8:30 am initial jobless claims

8:30 am GDP (First Revision)

8:30 am Advanced U.S. trade balance in goods

8:30 am Advanced retail inventories

8:30 am Advance wholesale inventories

10:00 am Pending home sales

12:05 pm New York Fed President John Williams speaks

5:00 pm Dallas Fed President Lorie Logan speaks

Earnings Ambarella, Asana, Best Buy, Birkenstock Holding, Burlington Stores, Caleres, Cooper Companies, Costco Wholesale, Cracker Barrel, Dell Technologies, Dollar General, Elastic, Gap, Foot Locker, Hormel Foods, Kohl's, Marvell Technology, MongoDB, NetApp, Nordstrom, SentinelOne, SpartanNash, Ulta Beauty, Veeva Systems, Veradigm, Zscaler

Fri.

8:30 am Personal income, Personal spending, PCE index, Core PCE index

9:45 am Chicago Business Barometer (PMI)

Earnings Genesco

Source: MarketWatch/Kiplinger

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