



## Week Ahead

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Week of September 3, 2024

### Moving In The Right Direction

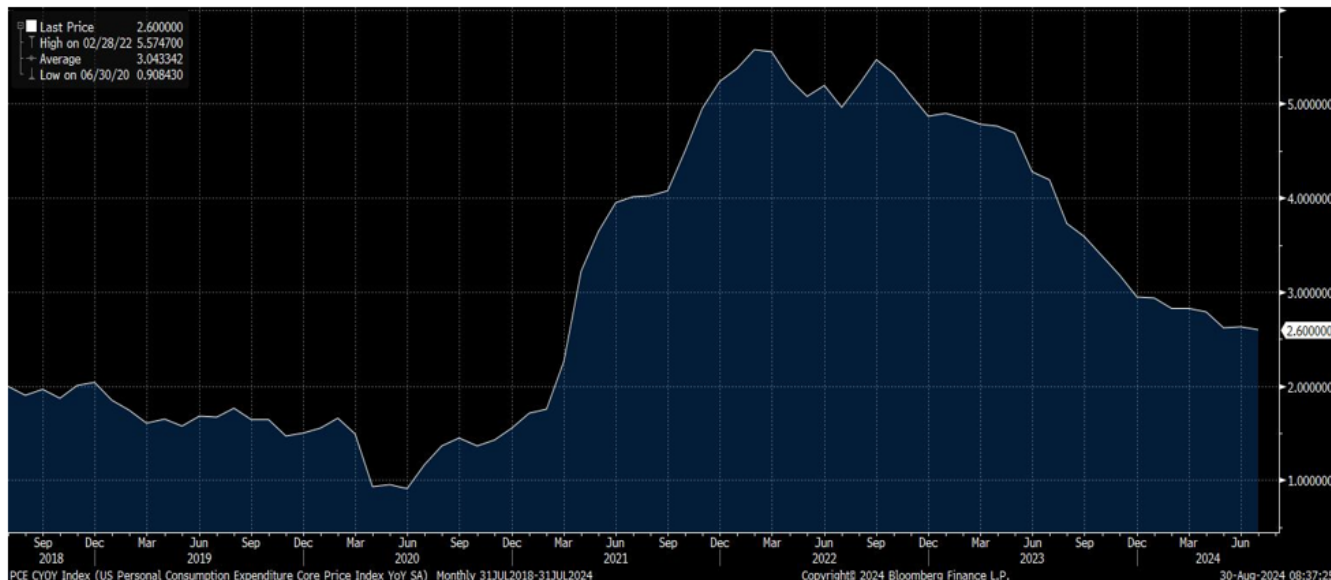
**Have we reached the Goldilocks “just right” world with the economy growing but not too strong (2Q24 GDP at 3%), the labor market *balanced*, inflation coming down, S&P 500 earnings growth strong (2Q24 up 11%) and interest rates *expected to come down* later this month?**

Well, it appears that these factors should lead to the equity market maintaining a strong return for the year.

### Fed On The Path To Lower Interest Rates

At the Jackson Hole symposium two weeks ago, Federal Reserve (Fed) Chair Jerome Powell said, “... the time has come for policy to adjust,” marking a turning point in the central bank’s battle against inflation – it is now shifting its focus to the labor market. The Fed has kept the benchmark rate in the range of 5.25% to 5.5% since July 2023. Last Friday, Core Personal Consumption Expenditure (PCE) came in slightly better on a year-to-year basis (2.6%); this should keep the Fed on the path of lowering interest rates by 25 basis points during its September meeting.

### Core Personal Consumption Expenditure At 2.6% And Still Falling



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## Correction Completed

The S&P 500 peaked on July 16th and began a correction which was accelerated in early August as the yen carry trade was unwound. The S&P corrected nearly 10% with extreme volatility. The equity market has since recovered back to near its highs. In fact, the New York Stock Exchange Composite Index (NYA) and the Dow Jones Industrial Average (DJIA) have already reached a new all-time high. The laggard has been the Nasdaq 100, still off 6% from its high, after a 16% correction. The market has sold off the leadership of Technology, and it is still in the process of consolidating. With rates expected to come down, investors have shifted or rotated to market sectors that historically benefit from lower interest rates, such as Real Estate, Utilities, and Banks. The stealth mover has been the Consumer Staples sector.

## New York Stock Exchange (NYA) Reaches All-Time High



## Dow Jones Industrial Average (DJIA) Reaches All-Time High



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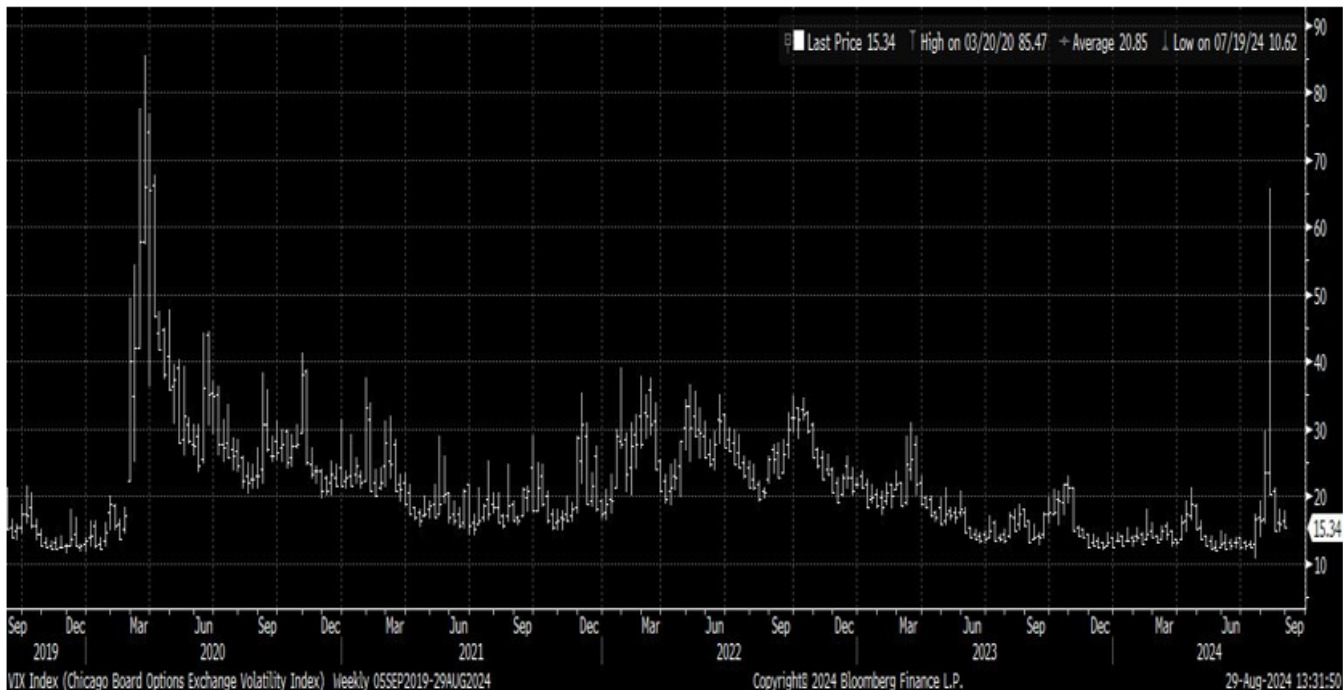
## Stocks To Rally Counter To Seasonals

With the recent rally following the correction, the NYSE advance-decline line has reached a new record high with volume confirming. This suggests that the rally is very likely to continue into September – which would be counter to the weak seasonals! Historically, September is the weakest month of the year. The S&P 500 is forming a possible inverted head and shoulders pattern, and a breakout would confirm the S&P 500 could reach 6000 this year!

## S&P 500 Positioned For A Breakout, Targeting 6000



## CBOE VIX Volatility Index Spike Confirms Market Bottom



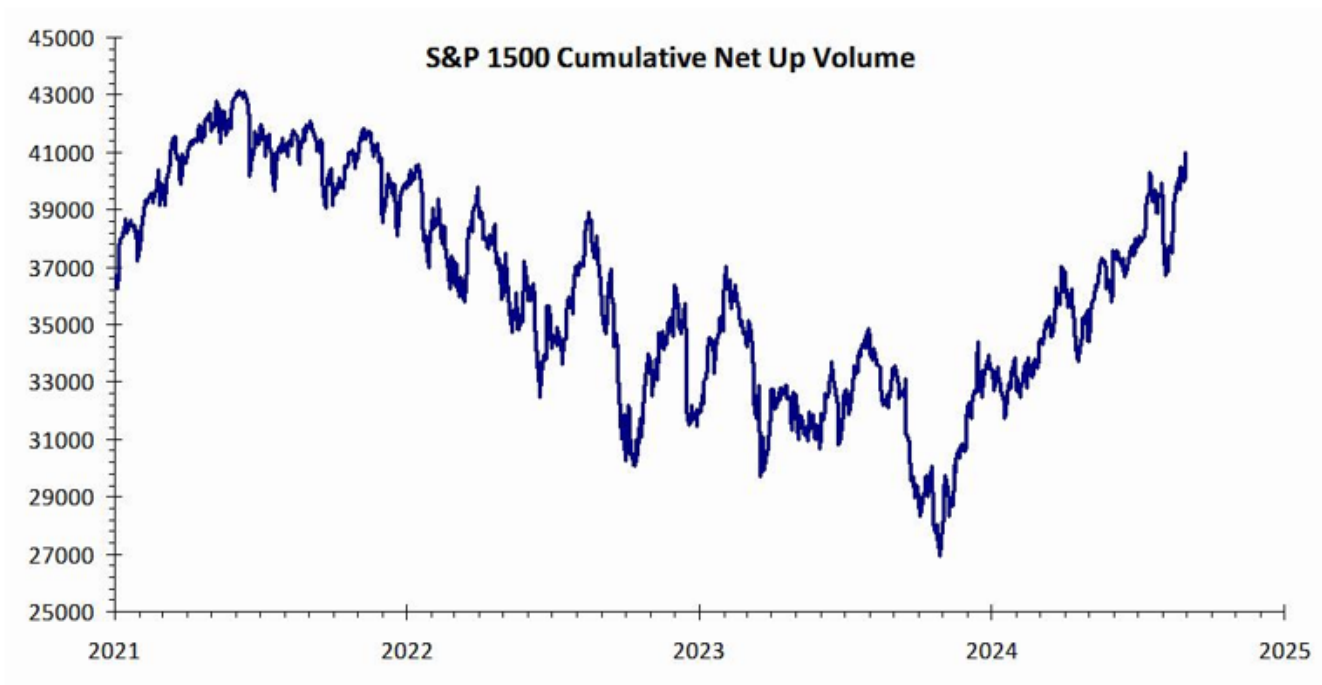


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## Bloomberg NYSE Cumulative Advanced-Dcline Line At New High



## Volume Expanding Confirming Market Rally & High In NYSE Composite



Source: Bloomberg, Sanctuary Wealth, August 30, 2024



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## Nasdaq 100 Still Consolidating Within An Uptrend



## Semiconductors (SMH) Also Still Consolidating In An Uptrend





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## What's Moving? Real Estate, Utilities, Banks & Consumer Staples

### S&P 500 Real Estate With Monthly MACD On A Strong Buy Signal



### S&P 500 Utilities With Monthly MACD On A Strong Buy Signal





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## S&P 500 Consumer Staples At Record Highs & Monthly MACD Strong Buy Signal



## KBW Bank Index (BKX) With Monthly MACD Buy Signal





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## What Can Breakout? Gold Mining Stocks

Gold mining stocks generally rally as interest rates fall. With Gold at record highs and interest rates expected to fall, we expect gold mining stocks to rally. Technically, a base has formed that we believe can support a rally. In addition, the monthly MACD price momentum indicator is on a buy signal.

### NYSE Arca Exchange Gold Index (HUI) With Monthly MACD Buy Signal





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## Market Performance

	Last 8/30/2024	Month End 7/31/2024	Month to Date	Quarter End 6/28/2024	Quarter to Date	Year End 12/29/2023	Year to Date	Year Ago 8/31/2023	Year To Year
S&P 500	5648.40	5522.30	2.3%	5460.48	3.4%	4769.83	18.4%	4507.66	25.3%
NASDAQ Composite	17713.63	17599.40	0.6%	17732.60	-0.1%	15011.35	18.0%	14034.97	26.2%
NASDAQ 100	476.27	471.07	1.1%	479.11	-0.6%	409.52	16.3%	377.99	26.0%
Russell 2000	2217.63	2254.48	-1.6%	2047.69	8.3%	2027.07	9.4%	1899.68	16.7%
S&P Consumer Discretionary Sector	1500.16	1516.58	-1.1%	1492.14	0.5%	1418.09	5.8%	1344.81	11.6%
S&P Consumer Staples Sector	882.60	834.36	5.8%	819.86	7.7%	762.32	15.8%	763.99	15.5%
S&P Energy Sector	695.86	712.42	-2.3%	698.23	-0.3%	640.05	8.7%	677.49	2.7%
S&P Financial Sector	759.21	727.47	4.4%	684.26	11.0%	626.35	21.2%	570.68	33.0%
S&P Health Care Sector	1829.71	1742.67	5.0%	1700.33	7.6%	1590.36	15.1%	1549.31	18.1%
S&P Industrials Sector	1110.78	1081.94	2.7%	1031.96	7.6%	964.73	15.1%	912.89	21.7%
S&P Information Technology Sector	4298.51	4249.09	1.2%	4341.09	-1.0%	3397.16	26.5%	3121.19	37.7%
S&P Materials Sector	593.39	580.51	2.2%	556.50	6.6%	539.62	10.0%	520.84	13.9%
S&P Real Estate Sector	272.90	258.33	5.6%	241.17	13.2%	251.58	8.5%	231.96	17.6%
S&P Communications Sector	300.95	297.29	1.2%	310.19	-3.0%	246.00	22.3%	229.72	31.0%
S&P Utilities Sector	385.51	369.64	4.3%	346.33	11.3%	321.92	19.8%	317.74	21.3%
S&P 500 Total Return	12344.43	12052.09	2.4%	11907.15	3.7%	10327.83	19.5%	9709.68	27.1%
3 month Treasury Bill Price	98.72	98.68	0.0%	98.66	0.1%	98.66	0.1%	98.64	0.1%
3 month Treasury Bill Total Return	252.88	251.66	0.5%	250.53	0.9%	243.98	3.6%	239.58	5.5%
10 Year Treasury Bond Future	113.56	111.81	1.6%	109.98	3.3%	112.89	0.6%	111.03	2.3%
10 Year Treasury Note Total Return	302.74	298.32	1.5%	292.03	3.7%	294.12	2.9%	285.15	6.2%
iShares 20+ Year Treasury Bond ETF	96.49	94.81	1.8%	91.78	5.1%	98.88	-2.4%	96.64	-0.2%
S&P Municipal Bond Total Return	278.03	275.77	0.8%	273.41	1.7%	272.94	1.9%	261.67	6.3%
iShares S&P National Municipal Bond NAV	107.78	107.29	0.5%	106.67	1.0%	108.42	-0.6%	105.23	2.4%
S&P 500 Investment Grade Corporate Bond Total Return	470.76	463.87	1.5%	453.34	3.8%	455.89	3.3%	432.86	8.8%
S&P Investment Grade Corporate Bond	92.43	91.47	1.1%	89.77	3.0%	91.76	0.7%	88.51	4.4%
S&P Investment Grade Corporate Bond Total Return	500.41	493.39	1.4%	482.45	3.7%	482.66	3.7%	458.98	9.0%
SPDR Bloomberg High Yield Bond ETF	96.82	95.84	1.0%	94.27	2.7%	94.73	2.2%	92.46	4.7%
iShares iBoxx High Yield Corporate Bond ETF	79.34	78.54	1.0%	77.14	2.9%	77.39	2.5%	75.28	5.4%
Gold	2503.39	2447.60	2.3%	2326.75	7.6%	2062.98	21.3%	1940.19	29.0%
Bitcoin	59045.40	64559.96	-8.5%	60118.16	-1.8%	41935.34	40.8%	26013.12	127.0%

Source: Bloomberg, Sanctuary Wealth, August 30, 2024

## Fed Goes Back To School With Loads Jobs Data Homework

**This week puts summer and inflation concerns in the rearview mirror as the employment picture comes into focus.**

With the Fed shifting its focus from inflation to employment, the major focus this week will be August jobs data. First up, we'll get the monthly JOLTS (Job Openings and Labor Turnover Survey), followed by the monthly ADP National Employment Report, followed by the August employment data. It all adds up to a lot of job numbers for the Fed to sink its teeth into – as it prepares to take a bite out of the federal funds rate. We expect to see a rate cut of 25 bps cut when the Fed meets on Sept. 17-18 with the rate decision on the 18th.



# Calendar

**Mon.**

Labor Day holiday, none scheduled

**Tue.**

9:45 am S&P final U.S. manufacturing PMI  
10:00 am Construction spending, ISM manufacturing  
Earnings: Hello Group, GitLab\*

**Wed.**

8:30 am U.S. trade deficit  
10:00 am Job openings, Factory orders  
2:00 pm Fed Beige Book  
TBA Auto sales  
Earnings: Dick's Sporting Goods, Dollar Tree, Hewlett Packard Enterprise

**Thu.**

8:15 am ADP employment  
8:30 am Initial jobless claims, U.S. productivity (revision)  
9:45 am S&P final U.S. services PMI  
10:00 am ISM services  
Earnings: Broadcom, Korn Ferry

**Fri.**

8:30 am U.S. employment report & rate, U.S. hourly wages  
8:45 am New York Fed President Williams speaks  
11:00 am Fed Gov. Christopher Waller speaks  
Earnings: ABM Industries

Source: MarketWatch/Kiplinger/CNBC

\*Earnings reflect highlights

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