



Week Ahead

Ted Longo, Steve Longo, & Chris Collins
985-445-1042 | Toll-Free: 833-475-6646
info@longogroup.net | longogroup.net

Week of December 16, 2024

'Tis The Season To Be Merry

Despite inflation remaining sticky, shoppers have been doing what they do best: shopping. Case in point: between Black Friday and Cyber Monday, a new record was set for online sales.

With the labor market still at full employment, the consumer is spending merrily – helped by all the promotional sales designed to entice the consumer to spend on holiday gifts. Remember that 70% of the economic growth in this country comes from the consumer!

The Growing Popularity of Online Shopping

In the fourth quarter of 2023, online shopping was a record-breaking 17% of all retail sales. Put another way, one out of every six dollars was spent online.

Over the last 15 years, the percentage of money consumers are spending online has more than tripled. The most online shopping always occurs in the fourth quarter due to Black Friday and holiday spending.

In the accompanying chart and table, we show online shopping as a percentage of total retail sales over time.

Consumers Are Making Merry



This graphic from Visual Capitalist's Jenna Ross, in partnership with BGO, highlights the spike in ecommerce that occurs every year during the holiday season. Source: ZeroHedge December 14, 2024.



December 16, 2024

On-Line Sales Are Rising Sharply

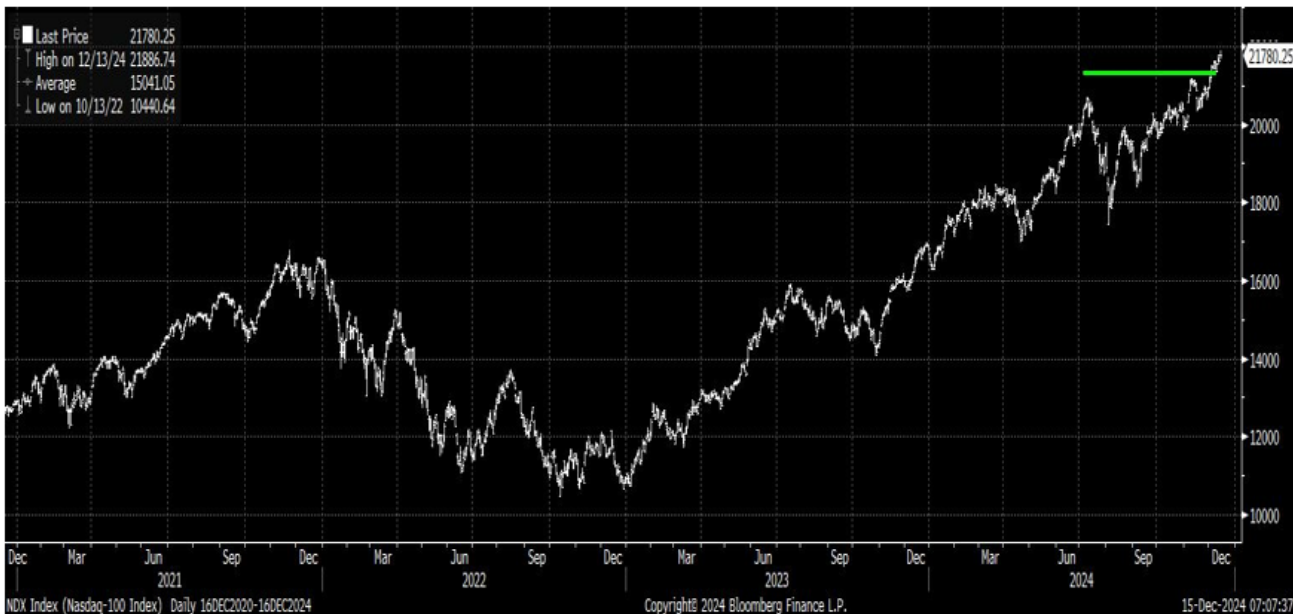
| | Q1-Q3 Average | Q4 |
|------|---------------|-------|
| 2010 | 4.1% | 5.3% |
| 2011 | 4.5% | 5.9% |
| 2012 | 5.0% | 6.5% |
| 2013 | 5.4% | 7.0% |
| 2014 | 6.0% | 7.6% |
| 2015 | 6.7% | 8.5% |
| 2016 | 7.4% | 9.3% |
| 2017 | 8.2% | 10.3% |
| 2018 | 9.1% | 11.1% |
| 2019 | 9.9% | 12.4% |
| 2020 | 13.8% | 16.6% |
| 2021 | 14.1% | 16.0% |
| 2022 | 13.8% | 16.0% |
| 2023 | 14.7% | 17.1% |
| 2024 | 15.5% | - |

Source: U.S. Census Bureau. Data accessed November 19, 2024; ZeroHedge December 14, 2024

Bells Are Ringing With NASDAQ 100 & NYSE FANG+ Indexes At Record Highs

The Nasdaq 100 and the NYSE FANG+ Index marched to record highs last week. The seasonals remain very bullish for the equity market going into the end of the year and very early January. Our outlook for 2025 is also bullish with a target range of 7200-7400. But pullbacks should be expected in 1Q25 with equity markets very overbought and interest rates positioned to rise, which should cause some volatility. Volatility is currently low and a move down toward the 10 level would signal an average correction of 5%-10%, in our view.

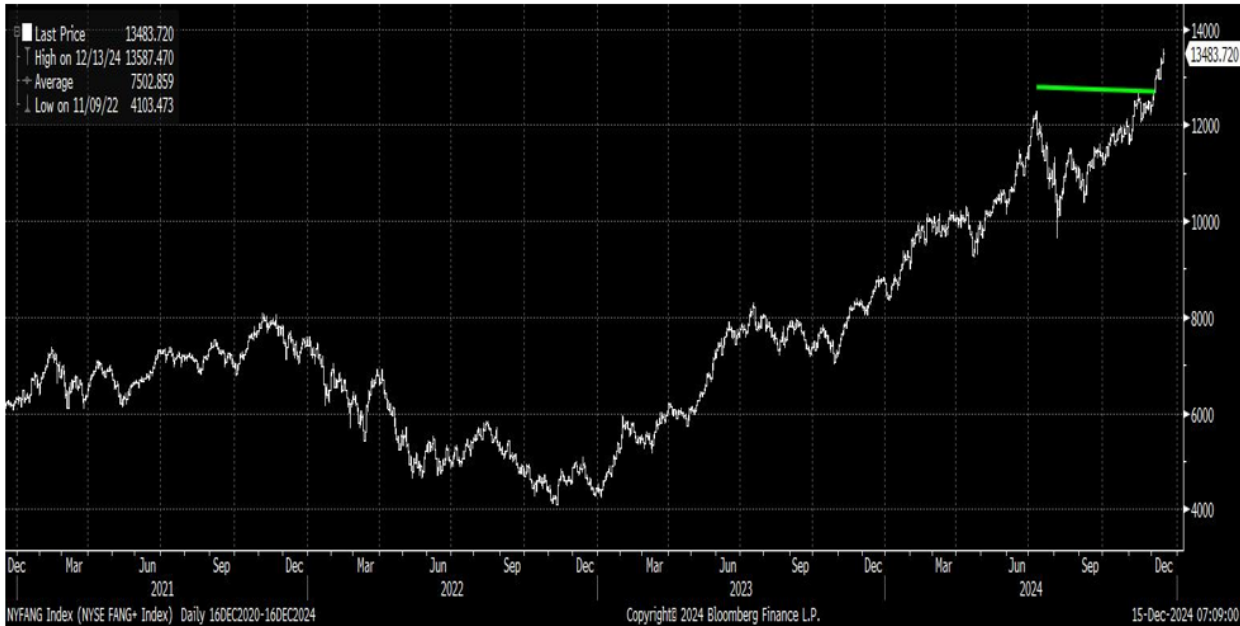
Nasdaq 100 Breaks To Record High



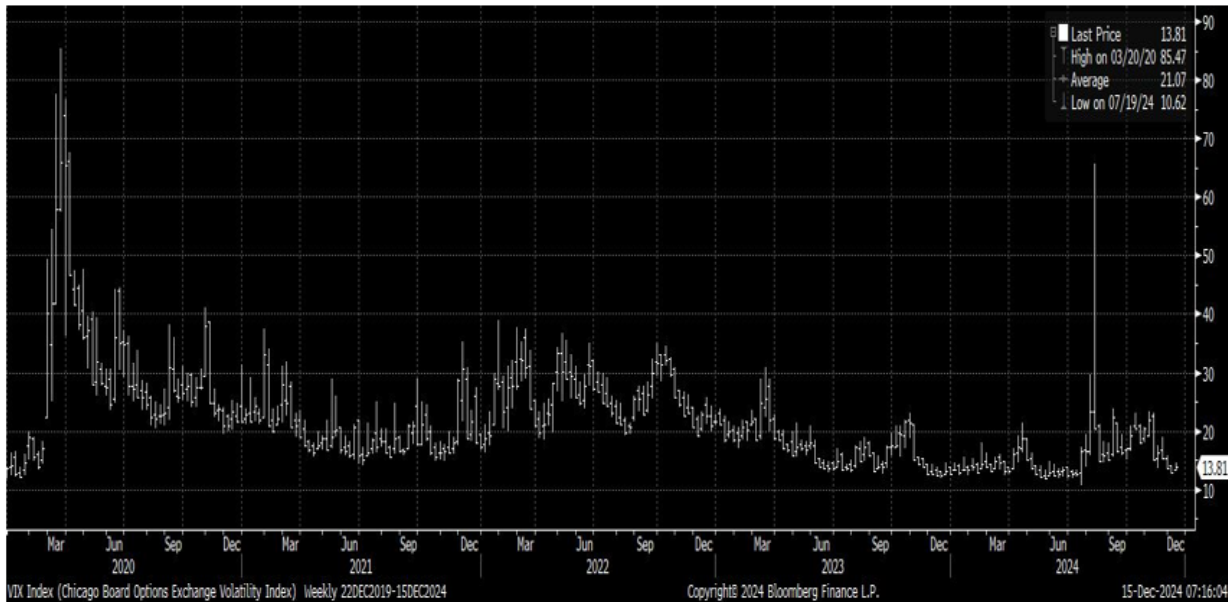


December 16, 2024

NYSE FANG+ Index Breaks To Record High



CBOE Volatility Index: A Move Toward 10 Would Signal A Correction

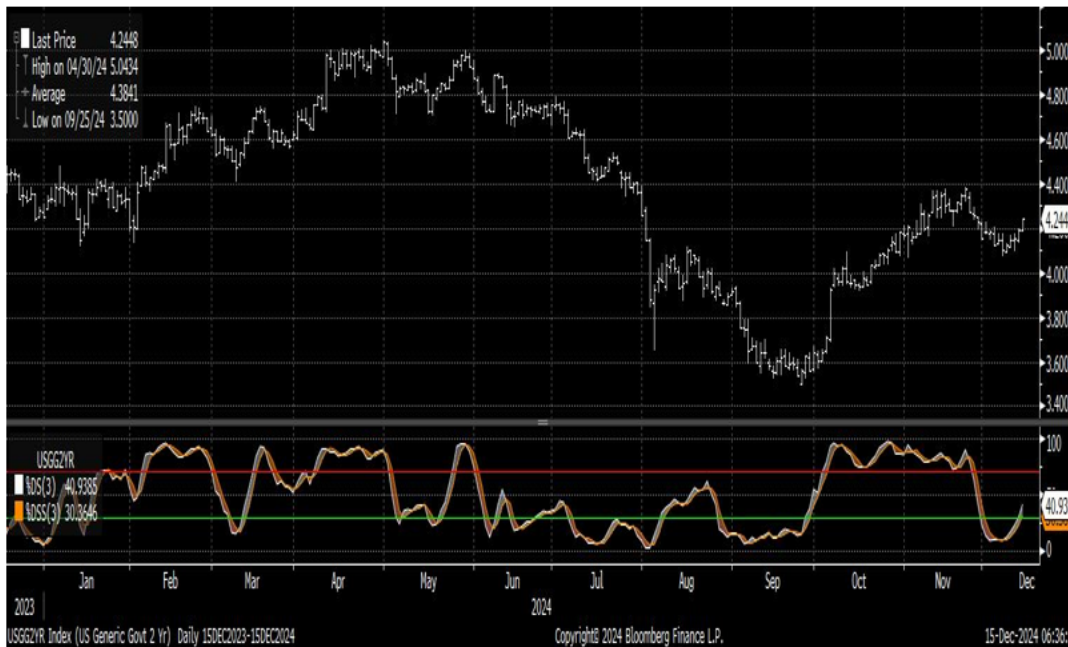


December 16, 2024

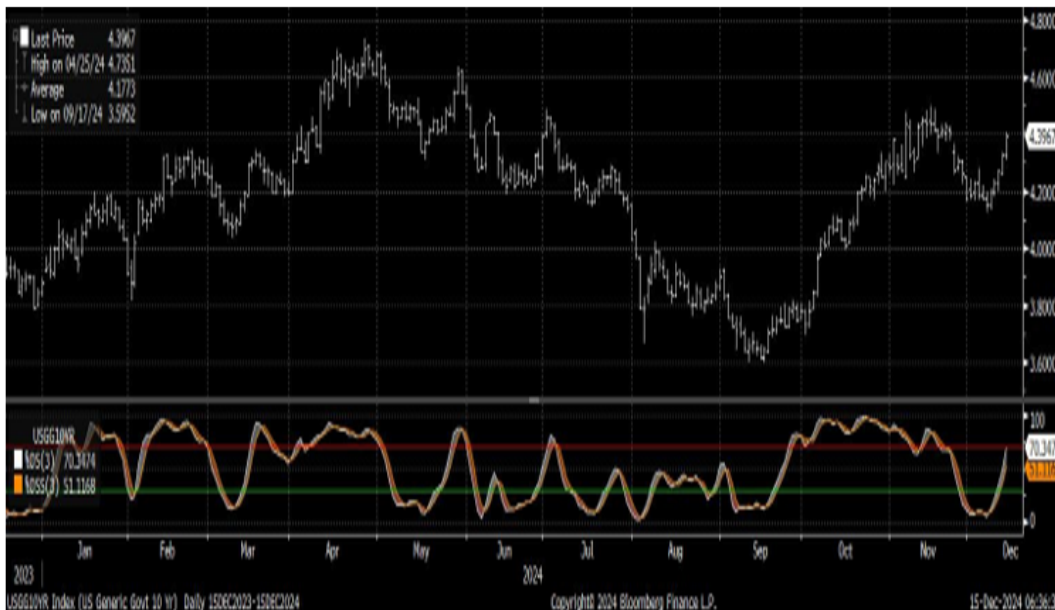
Seasonally Interest Rates Rise Into Year-End & 1Q

Traditionally, interest rates are biased to the upside toward the end of the year and into the following year. Why? Because many companies need to balance their books, they need capital toward year-end, and they need capital in the new year. We are in a capital expenditure (cap ex) cycle for artificial intelligence (AI) so demand for cash would be expected. In our 2025 Year Ahead Report, we stated our view that short rates would fall as the Fed is expected to lower interest rates. But, with the economy expected to grow strongly, it is possible the Fed does not cut rates for a while in 2025. This could have the 2-Year Treasury yield rise near 4.3%-4.4%. As for the 10-Year Treasury yield, it could be sticky and be in a range of 4%-5%. Rates would need to breach the 4.6% level in order to signal that rates will push higher near the 5% level.

2-Year Treasury Yield With Buy Signal On 14-Day Stochastic



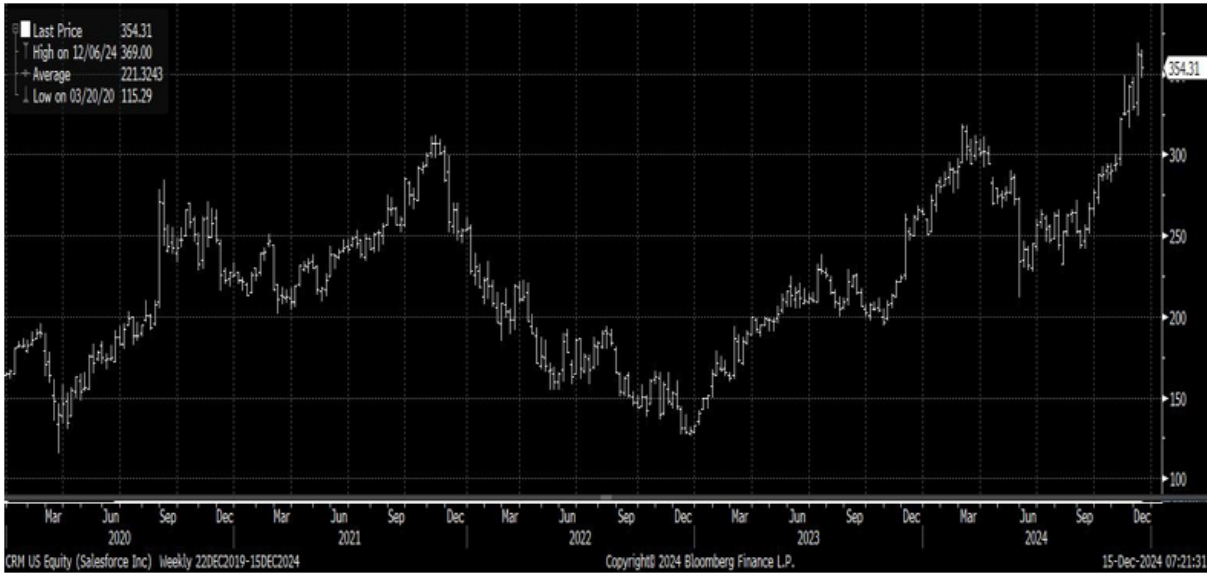
2-Year Treasury Yield With Buy Signal On 14-Day Stochastic



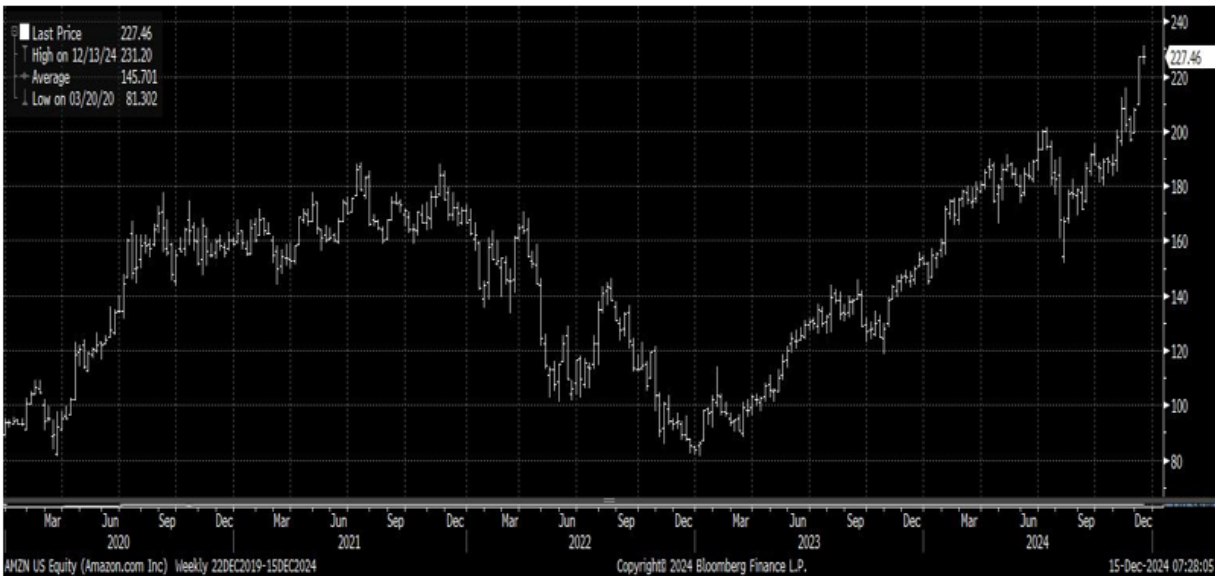
 December 16, 2024

Stocks We Like – No Coal In These Stockings!

Salesforce (CRM) – Major Breakout



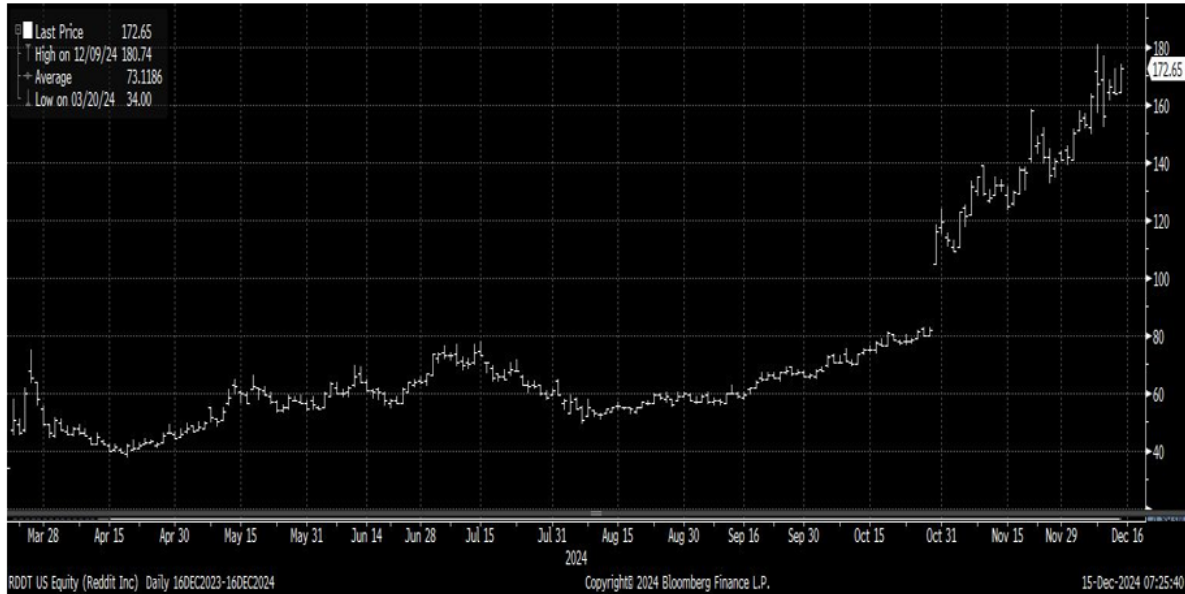
Amazon (AMZN) A Fresh Major Breakout





December 16, 2024

Reddit (RDDT) With Strong Momentum



 December 16, 2024

Market Performance

| | Last 12/13/2024 | Month End 11/29/2024 | Month to Date | Quarter End 9/30/2024 | Quarter to Date | Year End 12/29/2023 | Year to Date | Year Ago 12/14/2023 | Year To Year |
|--|--------------------|----------------------------|---------------------|-----------------------------|-----------------------|---------------------------|--------------------|---------------------------|--------------------|
| S&P 500 | 6051.09 | 6032.38 | 0.3% | 5762.48 | 5.0% | 4769.83 | 26.9% | 4719.55 | 28.2% |
| NASDAQ Composite | 19926.72 | 19218.17 | 3.7% | 18189.17 | 9.6% | 15011.35 | 32.7% | 14761.56 | 35.0% |
| NASDAQ 100 | 530.53 | 509.74 | 4.1% | 488.07 | 8.7% | 409.52 | 29.5% | 403.39 | 31.5% |
| Russell 2000 | 2346.90 | 2434.73 | -3.6% | 2229.97 | 5.2% | 2027.07 | 15.8% | 2000.52 | 17.3% |
| S&P Consumer Discretionary Sector | 1920.70 | 1789.44 | 7.3% | 1605.41 | 19.6% | 1418.09 | 35.4% | 1410.22 | 36.2% |
| S&P Consumer Staples Sector | 888.06 | 900.88 | -1.4% | 887.78 | 0.0% | 762.32 | 16.5% | 749.45 | 18.5% |
| S&P Energy Sector | 676.68 | 724.06 | -6.5% | 676.47 | 0.0% | 640.05 | 5.7% | 641.58 | 5.5% |
| S&P Financial Sector | 820.73 | 851.98 | -3.7% | 754.16 | 8.8% | 626.35 | 31.0% | 622.67 | 31.8% |
| S&P Health Care Sector | 1639.18 | 1713.71 | -4.3% | 1796.48 | -8.8% | 1590.36 | 3.1% | 1571.96 | 4.3% |
| S&P Industrials Sector | 1158.80 | 1214.04 | -4.6% | 1147.06 | 1.0% | 964.73 | 20.1% | 953.70 | 21.5% |
| S&P Information Technology Sector | 4703.80 | 4558.68 | 3.2% | 4403.72 | 6.8% | 3397.16 | 38.5% | 3362.37 | 39.9% |
| S&P Materials Sector | 559.79 | 594.62 | -5.9% | 607.70 | -7.9% | 539.62 | 3.7% | 535.49 | 4.5% |
| S&P Real Estate Sector | 267.55 | 281.69 | -5.0% | 280.46 | -4.6% | 251.58 | 6.3% | 252.61 | 5.9% |
| S&P Communications Sector | 352.03 | 330.15 | 6.6% | 314.60 | 11.9% | 246.00 | 43.1% | 236.92 | 48.6% |
| S&P Utilities Sector | 391.79 | 418.72 | -6.4% | 410.28 | -4.5% | 321.92 | 21.7% | 328.04 | 19.4% |
| S&P 500 Total Return | 13276.56 | 13227.13 | 0.4% | 12608.07 | 5.3% | 10327.83 | 28.6% | 10213.69 | 30.0% |
| 3 month Treasury Bill Price | 98.92 | 98.88 | 0.0% | 98.85 | 0.1% | 98.66 | 0.3% | 98.65 | 0.3% |
| 3 month Treasury Bill Total Return | 256.45 | 255.95 | 0.2% | 253.94 | 1.0% | 243.98 | 5.1% | 243.35 | 5.4% |
| 10 Year Treasury Bond Future | 109.88 | 111.19 | -1.2% | 114.28 | -3.9% | 112.89 | -2.7% | 112.52 | -2.3% |
| 10 Year Treasury Note Total Return | 296.35 | 299.38 | -1.0% | 305.92 | -3.1% | 294.12 | 0.8% | 292.50 | 1.3% |
| iShares 20+ Year Treasury Bond ETF | 90.15 | 93.97 | -4.1% | 98.10 | -8.1% | 98.88 | -8.8% | 99.04 | -9.0% |
| S&P Municipal Bond Total Return | 279.75 | 281.36 | -0.6% | 280.82 | -0.4% | 272.94 | 2.5% | 271.11 | 3.2% |
| iShares S&P National Municipal Bond NAV | 107.24 | 108.15 | -0.8% | 108.52 | -1.2% | 108.42 | -1.1% | 107.74 | -0.5% |
| S&P 500 Investment Grade Corporate Bond Total Return | 469.66 | 473.45 | -0.8% | 478.79 | -1.9% | 455.89 | 3.0% | 455.00 | 3.2% |
| S&P Investment Grade Corporate Bond | 91.24 | 92.03 | -0.9% | 93.58 | -2.5% | 91.76 | -0.6% | 91.64 | -0.4% |
| S&P Investment Grade Corporate Bond Total Return | 500.06 | 503.62 | -0.7% | 508.34 | -1.6% | 482.66 | 3.6% | 481.11 | 3.9% |
| SPDR Bloomberg High Yield Bond ETF | 96.43 | 97.36 | -1.0% | 97.79 | -1.4% | 94.73 | 1.8% | 94.83 | 1.7% |
| iShares iBoxx High Yield Corporate Bond ETF | 79.41 | 80.04 | -0.8% | 80.30 | -1.1% | 77.39 | 2.6% | 77.10 | 3.0% |
| Gold | 2648.23 | 2643.15 | 0.2% | 2634.58 | 0.5% | 2062.98 | 28.4% | 2036.36 | 30.0% |
| Bitcoin | 101342.01 | 97460.39 | 4.0% | 63785.09 | 58.9% | 41935.34 | 141.7% | 42994.83 | 135.7% |

Source: Bloomberg, Sanctuary Wealth, December 16, 2024

Here Comes Santa Claus, Here Comes Santa Claus – Shopping, Popping, Chopping

This week it's all about the Fed interest rate decision on Wednesday.

The consumer is shopping, markets are popping... will the Fed be chopping?

The Federal Open Market Committee meets this week, and we'll get their decision on rates on Wednesday, December 18. The market is expecting an additional 25 basis point cut, giving the U.S. economy a total of 100 basis points in cuts since September. Then – with the Fed's commentary maybe more on the hawkish side – we expect them to hold rates for a while.

Be prepared for some whipsaw action as liquidity in the market will be getting lower as we move toward the holidays next week. (Thin trading volumes can make markets more prone to abrupt moves.) But we are still expecting the traditional Santa Claus rally, a seasonal phenomenon that covers the last five trading days and first two of the new year. Why does it happen? Likely a combination of recovery from tax-loss harvesting, fund manager window dressing, lower trading volumes, and just general holiday optimism among investors.



Calendar

Mon.

8:30 am Empire State manufacturing survey
9:45 am S&P flash U.S. services PMI, S&P flash U.S. manufacturing PMI
Earnings: Compass Minerals, Mitek Systems

Tue.

8:30 am U.S. retail sales, Retail sales minus autos
9:15 am Industrial production, Capacity utilization
10:00 am Home builder confidence index
Earnings: HEICO, Worthington Enterprises, Cal-Maine Foods

Wed.

8:30 am Housing starts, Building permits
2:00 pm FOMC interest-rate decision
2:30 pm Fed Chair Powell press conference
Earnings: Birkenstock Holding, General Mills, Micron Technology, MillerKnoll, Steelcase, Worthington Steel

Thu.

8:30 am Initial jobless claims, GDP (second revision), Philadelphia Fed manufacturing survey
10:00 am Existing home sales, U.S. leading economic indicators
Earnings: Accenture, CarMax, Paychex, FedEx, Nike

Fri.

8:30 am Personal income (nominal), Personal spending (nominal), Core PCE index
10:00 am Consumer sentiment (final)
Earnings: Carnival, Winnebago

*Earnings reflect highlights
Source: CNBC, Kiplinger's, MarketWatch

Sanctuary makes no representation as to the accuracy or completeness of information contained herein. The information is based upon data available to the public and is not an offer to sell or solicitation of offers to buy any securities mentioned herein. Any investment discussed may not be suitable for all investors. Investors must make their own decisions based on their specific investment objectives and financial circumstances. Investments are subject to risk, including but not limited to market and interest rate fluctuations. Any performance data represents past performance which is no guarantee of future results. Prices/yields/figures mentioned herein are as of the date noted unless indicated otherwise. All figures subject to market fluctuation and change. Additional information available upon request.

Securities offered through Sanctuary Securities, Member FINRA and SIPC.
Advisory services offered through Sanctuary Advisors, LLC, and SEC registered investment advisor.



3815 River Crossing Pkwy, Suite 200
Indianapolis, IN 46260