



# Week Ahead

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 **Week of March 11, 2024**

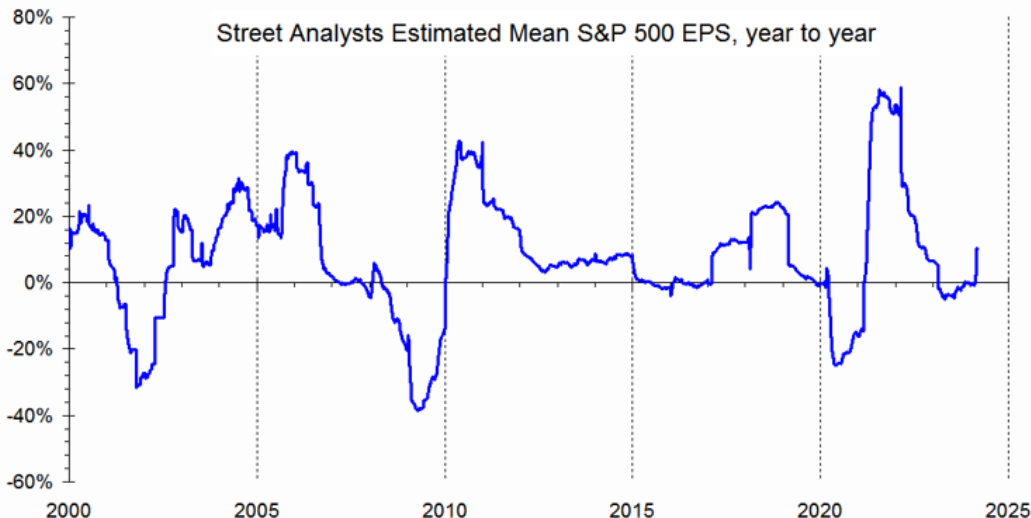
### A Goldilocks Week of News

**Last week, Jerome Powell, Chair of the Federal Reserve, spoke before Congress in his semi-annual testimony, and his comments left the markets believing that the Fed will lower interest rates later this year.**

Powell said the Fed is waiting to have confidence that inflation is moving toward 2% in a sustainable way. Then on Friday, the February jobs report was released, and it had something for both the bulls and the bears. The jobs numbers were higher than expected, but the unemployment rate rose to 3.9% from 3.7%. Despite those tea leaves, what the markets focused on most was the sharp downward revisions made to last month's strong jobs data. With this mixed bag of news, interest rates fell across the yield curve while the S&P 500 hit another record high – creating a Goldilocks week. The gains in stocks were short-lived as profit takers took action and stocks closed down slightly for the week. Remember: equity markets are overbought, so it is common to see some profit taking, especially near record highs. We remain buyers, especially during pullbacks, as our target range for the S&P 500 is 5400-5800 this year.

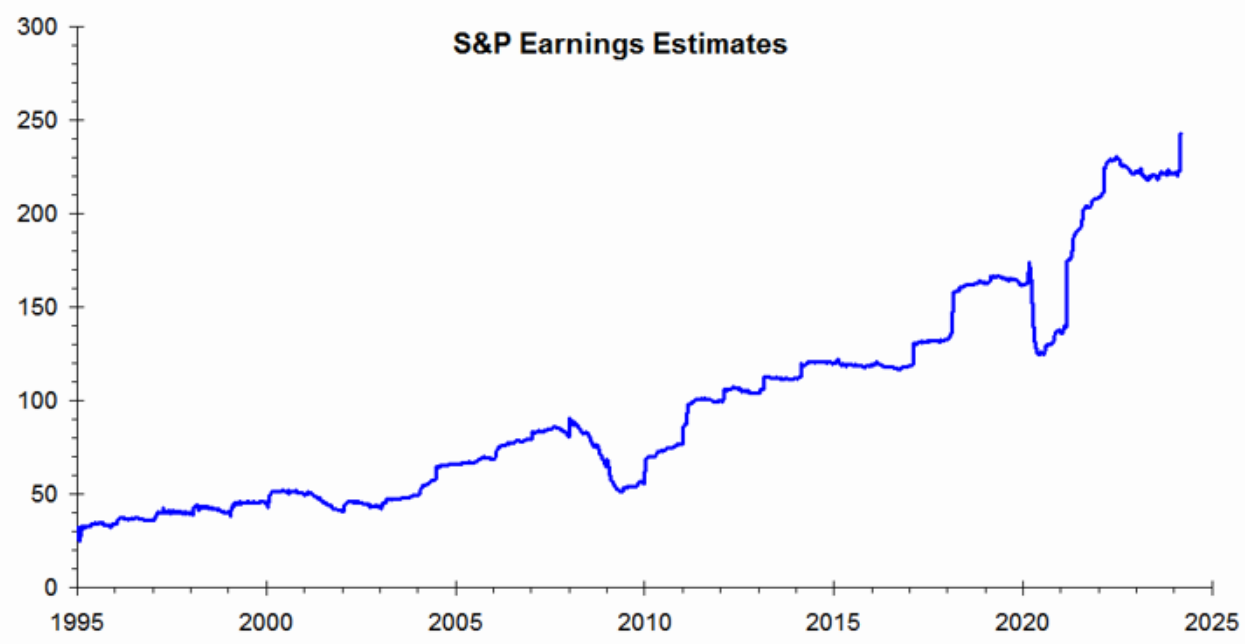
### Earnings Continue to Grow, But Remain Scarce

This was a good earnings season, and Wall Street analysts are estimating the mean growth rate for S&P 500 earnings to be expanding at 10%. Earnings estimates continue to rise, and this barometer of the market is the most correlated to the direction of stock prices. Earnings are growing but remain scarce, which signals Growth should continue to outperform Value. Profit margins also have troughed and are expanding despite the higher inflation and interest rate environment. This economy is more service-based than manufacturing-driven, and demand appears more elastic (i.e., more flexible) in this higher interest rate environment.

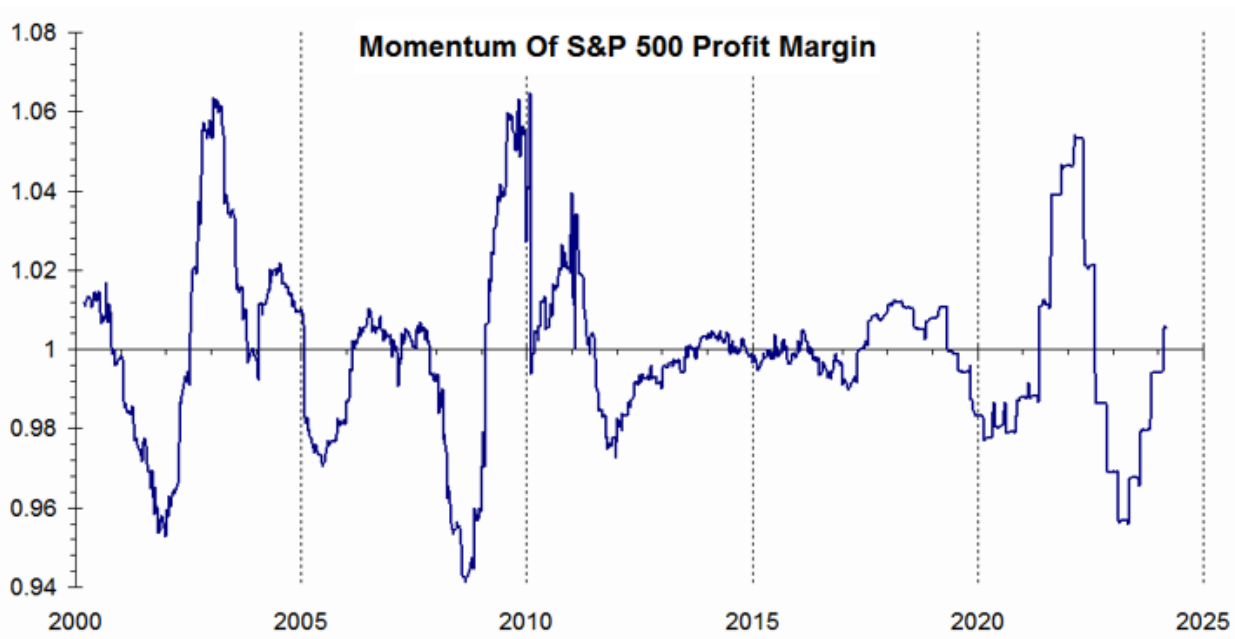


Source: Bloomberg, Sanctuary Wealth, March 9, 2024

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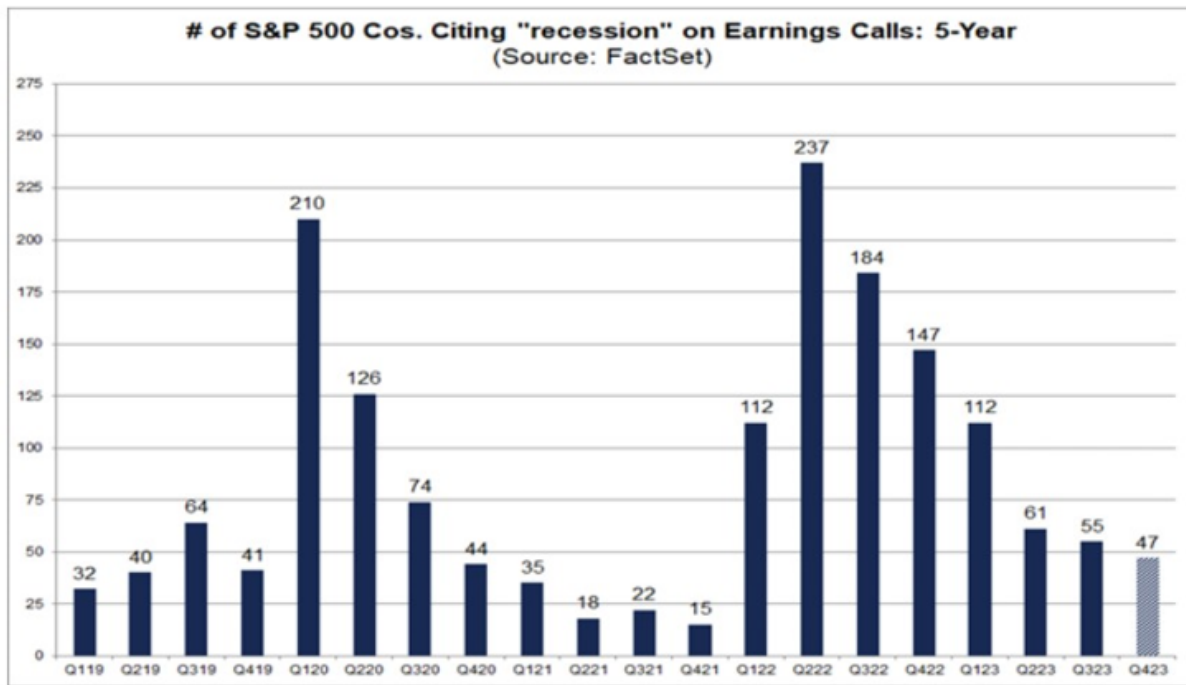
Source: Bloomberg, Sanctuary Wealth, March 9, 2024



Source: Bloomberg, Sanctuary Wealth, March 9, 2024

## Recession Is Not Top Of Mind For Corporates

During their earnings calls, fewer companies have been talking about a recession, and this was most apparent with companies in the Financial and Industrials sectors, which are very cyclical in nature. We view this as an additional positive for continued highs in the S&P 500 this year.



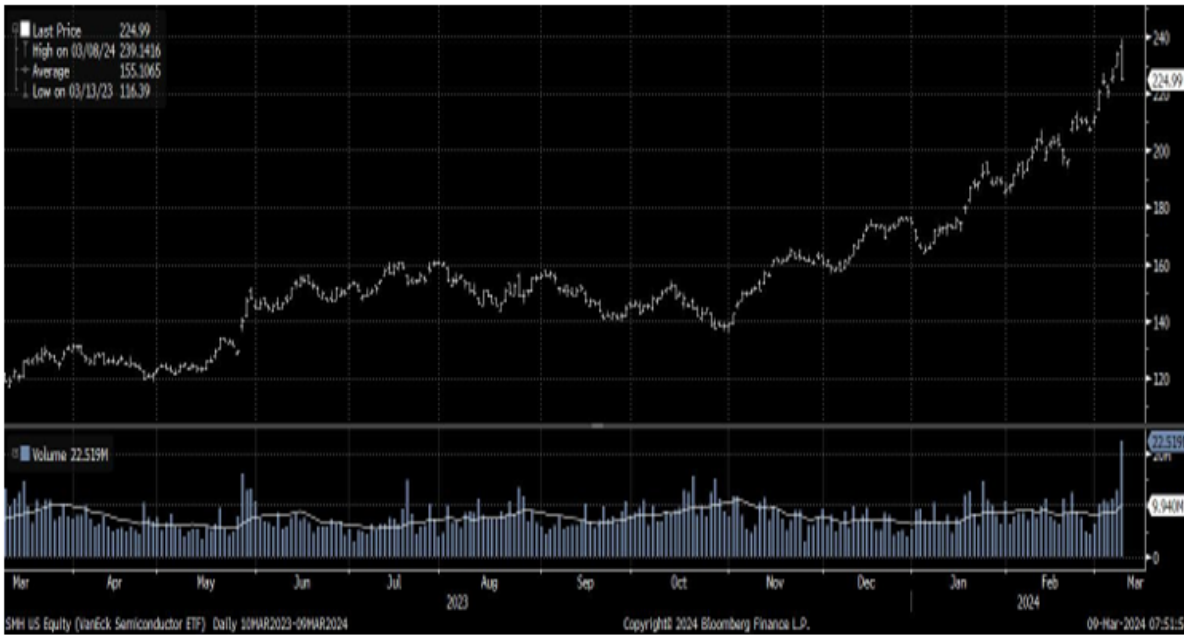
Source: FactSet, March 8, 2024

## Week of March 11, 2024

### Semiconductors Still Favored But May Consolidate

Semiconductors have been the best performing industry group year-to-date – up 38% so far. Last Friday, the VanEck Semi ETF (SMH) rallied to a new high but then sold off and closed down sharply on high volume. This is a technical signal of exhaustion and that the stocks may consolidate. We believe they remain the leaders and would be buyers on any pullback.

### VanEck Semiconductor ETF (SMH): Could Be Entering A Consolidation Phase



### Gold Finally Breaks To A New All-Time Record

“Don’t You Forget About ... Gold.” Gold finally joins the “Breakout Club,” moving to new all-time highs. Fast money traders are not long gold, so we believe with this breakout will attract buyers. The longer-term technicals point to a move to \$2500-\$2600.

### Gold Monthly Price Chart: Breakout To Records Joining the “Breakout Club”



## Week of March 11, 2024

### Supply and Demand For Gold: Central Banks Picking Up Buying, Particularly China



Data as of 31 December, 2023

Sources: ICE Benchmark Administration, Metals Focus, Refinitiv GFMS, World Gold Council; Disclaimer

## Charts We Found Interesting

### CrowdStrike Holdings (CRWD): Cybersecurity Looks To Be In Demand



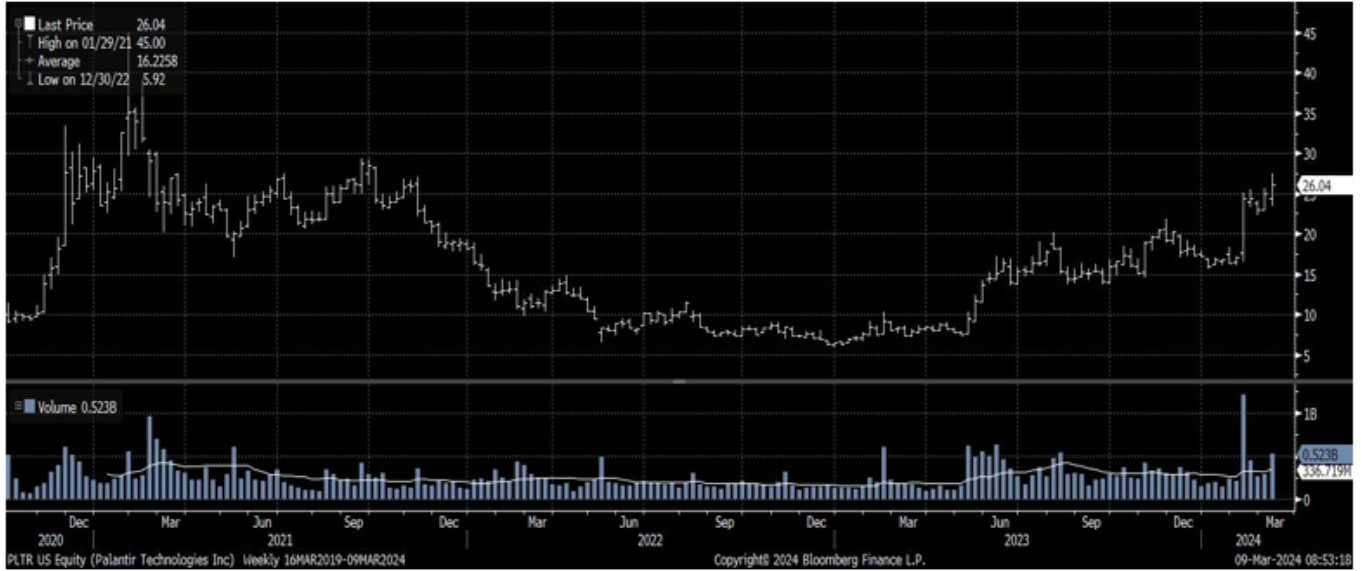
CRWD US Equity (CrowdStrike Holdings Inc) Weekly 16MAR2019-09MAR2024

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 **Week of March 11, 2024**

**Palantir Technologies (PLTR) Moving On Higher Volume: AI Software Growing Demand?**





## Week of March 11, 2024

### Market Performance

	Last 3/8/2024	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 3/9/2023	Year To Year
S&P 500	5123.69	5096.27	0.5%	4769.83	7.4%	4769.83	7.4%	3918.32	30.8%
NASDAQ Composite	16085.11	16091.92	0.0%	15011.35	7.2%	15011.35	7.2%	11338.35	41.9%
NASDAQ 100	439.02	439.00	0.0%	409.52	7.2%	409.52	7.2%	292.66	50.0%
Russell 2000	2082.71	2054.84	1.4%	2027.07	2.7%	2027.07	2.7%	1826.59	14.0%
S&P Consumer Discretionary Sector	1452.39	1485.31	-2.2%	1418.09	2.4%	1418.09	2.4%	1083.03	34.1%
S&P Consumer Staples Sector	796.14	789.20	0.9%	762.32	4.4%	762.32	4.4%	744.56	6.9%
S&P Energy Sector	668.50	653.14	2.4%	640.05	4.4%	640.05	4.4%	637.81	4.8%
S&P Financial Sector	673.97	670.05	0.6%	626.35	7.6%	626.35	7.6%	556.04	21.2%
S&P Health Care Sector	1703.26	1686.41	1.0%	1590.37	7.1%	1590.37	7.1%	1454.63	17.1%
S&P Industrials Sector	1032.45	1022.56	1.0%	964.73	7.0%	964.73	7.0%	851.00	21.3%
S&P Information Technology Sector	3774.23	3748.57	0.7%	3397.16	11.1%	3397.16	11.1%	2408.92	56.7%
S&P Materials Sector	561.79	550.91	2.0%	539.62	4.1%	539.62	4.1%	502.05	11.9%
S&P Real Estate Sector	251.68	245.41	2.6%	251.58	0.0%	251.58	0.0%	233.81	7.6%
S&P Communications Sector	272.12	272.50	-0.1%	246.00	10.6%	246.00	10.6%	173.18	57.1%
S&P Utilities Sector	321.41	313.71	2.5%	321.92	-0.2%	321.92	-0.2%	330.48	-2.7%
S&P 500 Total Return	11126.07	11062.11	0.6%	10327.83	7.7%	10327.83	7.7%	8374.25	32.9%
3 month Treasury Bill Price	98.66	98.65	0.0%	98.66	0.0%	98.66	0.0%	98.75	-0.1%
3 month Treasury Bill Total Return	246.45	246.09	0.1%	243.98	1.0%	243.98	1.0%	233.88	5.4%
10 Year Treasury Bond Future	111.73	110.44	1.2%	112.89	-1.0%	112.89	-1.0%	111.02	0.6%
10 Year Treasury Note Total Return	292.69	288.95	1.3%	294.12	-0.5%	294.12	-0.5%	282.43	3.6%
iShares 20+ Year Treasury Bond ETF	95.73	94.18	1.6%	98.88	-3.2%	98.88	-3.2%	102.07	-6.2%
S&P Municipal Bond Total Return	273.77	272.74	0.4%	272.94	0.3%	272.94	0.3%	259.01	5.7%
iShares S&P National Municipal Bond NAV	107.97	107.92	0.0%	108.42	-0.4%	108.42	-0.4%	105.45	2.4%
S&P 500 Investment Grade Corporate Bond Total Return	453.82	448.78	1.1%	455.89	-0.5%	455.89	-0.5%	424.62	6.9%
S&P Investment Grade Corporate Bond	90.79	90.01	0.9%	91.76	-1.0%	91.76	-1.0%	88.47	2.6%
S&P Investment Grade Corporate Bond Total Return	481.33	476.73	1.0%	482.66	-0.3%	482.66	-0.3%	449.89	7.0%
SPDR Bloomberg High Yield Bond ETF	94.70	94.62	0.1%	94.73	0.0%	94.73	0.0%	90.06	5.2%
iShares iBoxx High Yield Corporate Bond ETF	77.40	77.33	0.1%	77.39	0.0%	77.39	0.0%	73.43	5.4%
Gold	2178.95	2044.30	6.6%	2062.98	5.6%	2062.98	5.6%	1831.03	19.0%
Bitcoin	68398.85	61430.64	11.3%	41935.34	63.1%	41935.34	63.1%	20226.09	238.2%

Source: Bloomberg, Sanctuary Wealth, March 10, 2024

### Inflation Stays Center Stage

**This week the questions are focused on timing more so than on action.**

With upcoming releases of Consumer Price Index (CPI) and Producer Price Index (PPI) data, how will the markets price in these reports? Do we get data that indicates the Fed can (and should) cut rates or data compelling the Fed to hold rates steady? We remain in a data gathering phase, and new retail sales numbers will continue to serve as a barometer the Consumer. If inflation data is higher than expected, look for equities to pull back setting up a buying opportunity.

No one expects a cut to interest rates in March (the next Federal Open Market Committee is March 20). But most are expecting that rate cuts may begin in June. As we wait and see, we're keeping our eyes open for more positives to urge the Bull to keep charging ahead.



# Calendar

**Mon.**

Earnings: Asana, Calavo Growers, Casey's General, Fortrea, Legend Biotech, Mission Produce, Oracle, Vail Resorts

**Tue.**

6:00 am NFIB optimism index

8:30 am Core CPI

2:00 pm Monthly U.S. federal budget

Earnings: Archer-Daniels-Midland, Cryoport, IHS Holding, International Game Technology, Kohl's, Latham Group, On Holding, The Beauty Health Company

**Wed.**

Earnings: Arcos Dorados, Dollar Tree, Lennar, Petco Health and Wellness, SentinelOne, Target Hospitality, UiPath, WideOpenWest, Williams-Sonoma

**Thu.**

8:30 am U.S. retail sales, Core PPI

10:00 am Business inventories

Earnings: Adobe, Babcock & Wilcox Enterprises, Blink Charging, Cardlytics, Dick's Sporting Goods, Dollar General, EverCommerce, Hello Group, KE Holdings, Phreesia, Smartsheet, Weibo

**Fri.**

8:30 am Empire State manufacturing survey, Import price index

9:15 am Industrial production, Capacity utilization

10:00 am Consumer sentiment (prelim)

Earnings: Jabil

Source: MarketWatch/Kiplinger

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