



## Week Ahead

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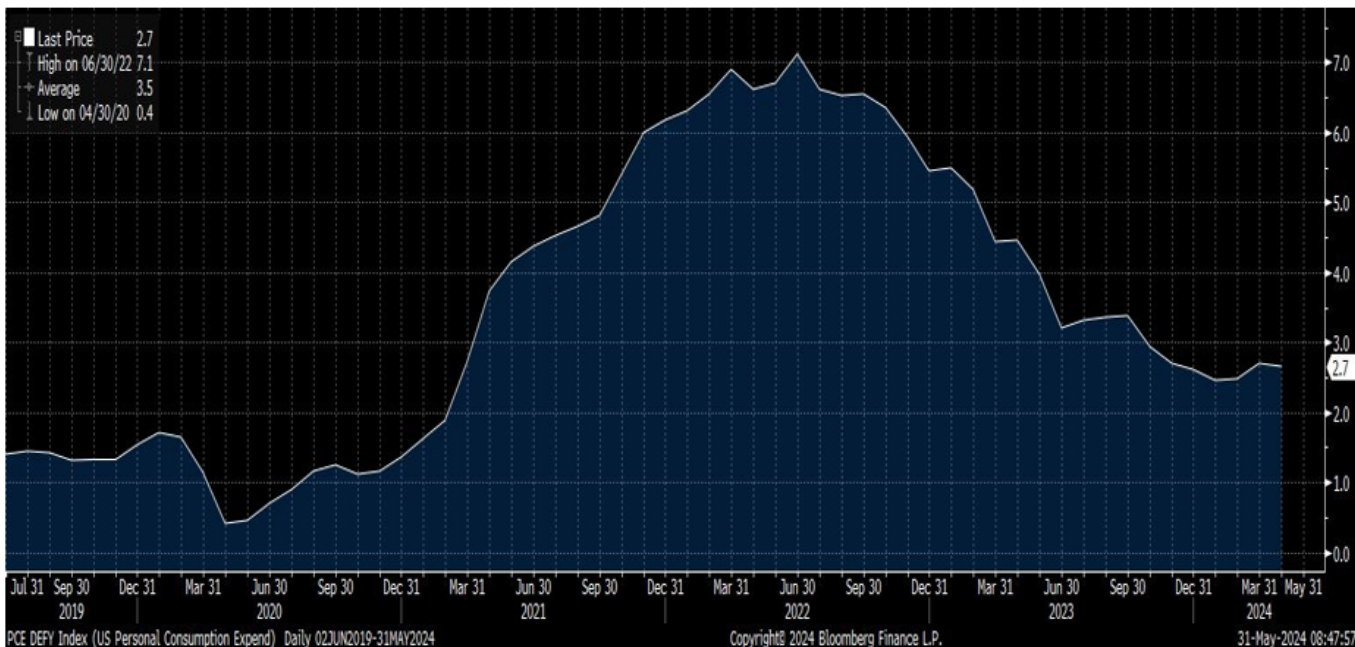
### Week of June 3, 2024

#### Inflation Data Keeps The Bull Running

**Following four months of higher than expected inflation data, last Friday's Core PCE (Personal Consumption Expenditures Price Index) for April came in as expected at 2.7%.**

This provides much relief to both the bond and equity markets. In the accompanying chart, you'll see that the year-to-year PCE is still declining – this is a key move. Note that there have been bumps along the way, but the overall trend has been consistent. In our view, this data allows the Fed to possibly cut rates 25 basis points before November's presidential election. It also allows risk assets to have only minor corrections.

#### Core Personal Consumption Expenditures Year-to-Year: Data Good Enough



 **Week of June 3, 2024**

## Flowers Bloomed In May With S&P Up 5% But Now A Pullback To Launch A Summer Rally

It certainly was not “Sell in May”, what with the S&P 500 up nearly 5% and the Nasdaq 100 up an astounding 7% in one month!!! We still believe it is “Buy in May and Sell by Labor Day.” But after such a large surge in the markets, a pullback would be normal. Pullbacks in the equity market are a normal process, even during a bull market, and historically, the S&P 500 pulls back around 5% three times a year, and as much as 10% once a year. Also in a strong bull tape, the equity market never corrects as much as you think or would like, because so many are on the sidelines waiting to buy. Stocks are currently correcting – but we see only limited downside, near 5%, which is near the 100-day moving average. The big Bear that everyone fears – when equities are down 20% or more – happens every 3½ to 4 years. The Bear was with us in 2022, so it should not return this year. This expectation is supported by the strong economic data, full employment and better-than-expected earnings growth that we’re currently enjoying. But looking at Bear cycles, it would suggest that the Bear could return somewhere in 2025 into 2026. We are confident that 2024 should see strong gains. We maintain the S&P 500 should reach 5600-5800 this year. The long-term projection points to 6000-7000. So, we are forecasting equities can rally as much as 30% from here. We are still in a secular bull market. And remember: a secular Bull can have bear markets, but the markets recover quickly and march again to all-time highs. Still, trying to time the markets is best left to professional traders.

## S&P 500 Is Correcting, Should Be Limited to 5% Near 100-Day Moving Average



 **Week of June 3, 2024**

**Nasdaq 100 Is Correcting, Should Be Limited to 5% Near 100-Day Moving Average**



**Volatility Is Back**

The VIX index is a measure of volatility in the equity market. Historically, the VIX trades in a range and is mean-reverting. The range we watch is 10 and 20. When the index is nearing 10, volatility is low and is likely to rise; nearing 20 indicates that volatility is too high and should fall. So, traders look for stocks to fall near 10 and rally near 20. On May 23, the VIX hit 11, pointing to the risk of a correction. Since then, stocks have in fact begun to pullback. There is risk that stocks are a bit more volatile in the month of June, setting up stocks moving to new highs into July and August.

We remain buyers and favor Technology and AI-related companies, along with Industrials. Meanwhile, Utilities have caught the AI fever as demand for electricity is expected to rise; so, Utilities are now a buy. They will also benefit if the Fed lowers interest rates. Energy is a long-term buy as they remain the best value in the equity market.

**VIX Index Trending Down And Could Test Trendline Near 20 Anytime**



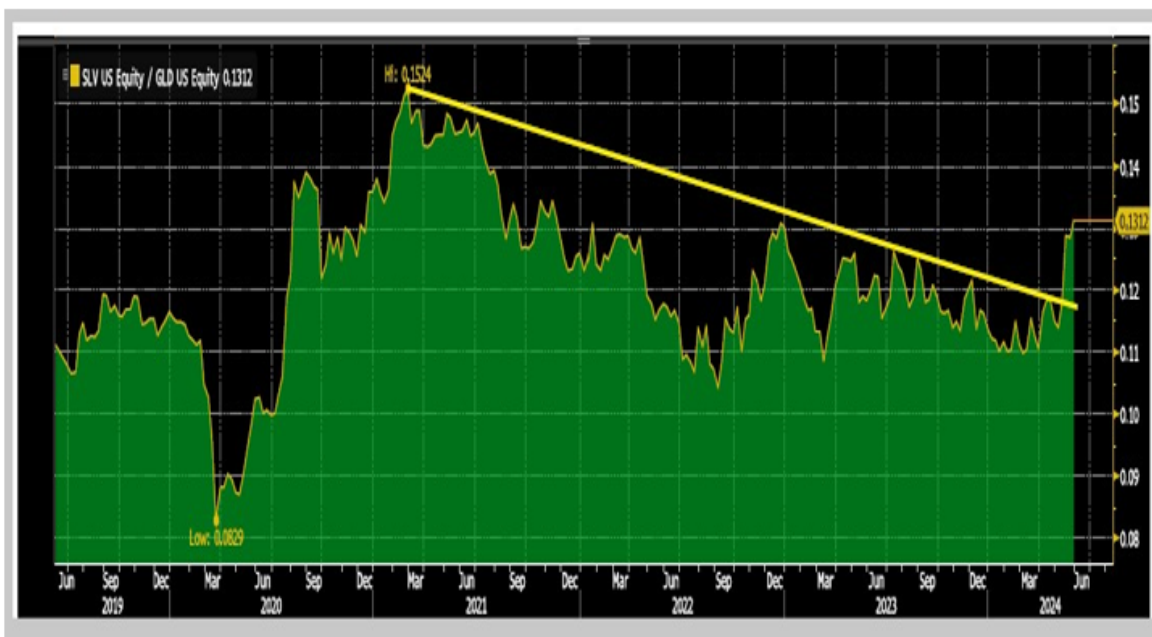
## Silver Has Major Breakout– Should Test Highs Near \$45

Silver has a dual purpose; it's an industrial metal and it's also considered a currency (a "store of value"). The Silver ETF, SLV, just had an 11-year breakout – this is a major breakout! Over the coming quarters and year, silver should rally to test its high near \$45 or a 60% plus move. Many investors look at the ratio of silver to gold. This ratio has also broken out in favor of silver. We would be buyers of silver for a major bull run!

### Silver ETF (SLV)



## Breakout Of Silver Vs. Gold: Silver Looks To Continue Outperformance

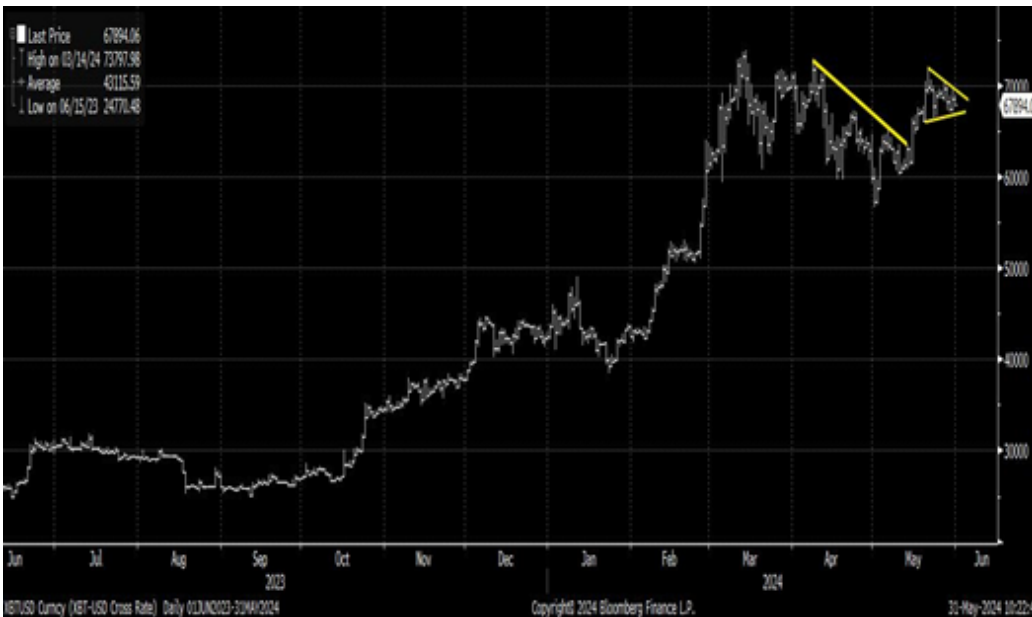


## Week of June 3, 2024

### Bitcoin In Bullish Consolidation: Breakout Points To Record Highs

The technicals of Bitcoin (BTC) point to a bullish consolidation. If BTC breaks to the upside, it would point to new record highs near the range of \$82,000-\$90,000. A further risk on trade would point to \$100,000. It's worth remembering: Bitcoin is the most volatile asset within the markets today.

### Bitcoin (BTC) With Bullish Consolidation: A Breakout Points To \$82,000-\$90,000



### Ethereum To Follow Higher On a Breakout

Ethereum, the second largest crypto asset, is also potentially on the move. Technically, a break of \$4000 points to a test of the previous highs near \$4800. A rally in crypto assets indicates that investors are still willing to add risk to their portfolios. This would be another bullish sign for the equity markets. Ethereum is also one of the most volatile assets within the markets today.

### Ethereum: A Break of \$4000 Points To A Test Of Highs Near \$4800



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Week of June 3, 2024

## Market Performance

	Last 5/31/2024	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 6/1/2023	Year To Year
S&P 500	5277.51	5035.69	4.8%	5254.35	0.4%	4769.83	10.6%	4221.02	25.0%
NASDAQ Composite	16735.02	15657.82	6.9%	16379.46	2.2%	15011.35	11.5%	13100.98	27.7%
NASDAQ 100	450.71	424.59	6.2%	444.01	1.5%	409.52	10.1%	352.01	28.0%
Russell 2000	2070.13	1973.91	4.9%	2124.55	-2.6%	2027.07	2.1%	1767.94	17.1%
S&P Consumer Discretionary Sector	1423.51	1420.81	0.2%	1485.49	-4.2%	1418.09	0.4%	1202.50	18.4%
S&P Consumer Staples Sector	824.23	805.51	2.3%	814.23	1.2%	762.32	8.1%	756.44	9.0%
S&P Energy Sector	708.04	714.95	-1.0%	721.24	-1.8%	640.05	10.6%	592.86	19.4%
S&P Financial Sector	691.28	671.09	3.0%	701.32	-1.4%	626.35	10.4%	532.48	29.8%
S&P Health Care Sector	1670.88	1634.44	2.2%	1723.97	-3.1%	1590.36	5.1%	1496.25	11.7%
S&P Industrials Sector	1042.88	1028.09	1.4%	1066.71	-2.2%	964.73	8.1%	827.19	26.1%
S&P Information Technology Sector	3972.21	3612.61	10.0%	3821.05	4.0%	3397.16	16.9%	2934.83	35.3%
S&P Materials Sector	575.27	558.16	3.1%	585.16	-1.7%	539.62	6.6%	476.86	20.6%
S&P Real Estate Sector	238.00	226.77	5.0%	248.16	-4.1%	251.58	-5.4%	225.83	5.4%
S&P Communications Sector	296.23	277.98	6.6%	284.29	4.2%	246.00	20.4%	213.08	39.0%
S&P Utilities Sector	367.47	338.80	8.5%	333.49	10.2%	321.92	14.1%	325.40	12.9%
S&P 500 Total Return	11494.70	10951.66	5.0%	11418.03	0.7%	10327.83	11.3%	9057.18	26.9%
3 month Treasury Bill Price	98.66	98.65	0.0%	98.66	0.0%	98.66	0.0%	98.66	0.0%
3 month Treasury Bill Total Return	249.50	248.29	0.5%	247.21	0.9%	243.98	2.3%	236.45	5.5%
10 Year Treasury Bond Future	108.80	107.44	1.3%	110.80	-1.8%	112.89	-3.6%	113.92	-4.5%
10 Year Treasury Note Total Return	287.70	283.63	1.4%	291.09	-1.2%	294.12	-2.2%	292.04	-1.5%
iShares 20+ Year Treasury Bond ETF	90.45	88.22	2.5%	94.62	-4.4%	98.88	-8.5%	103.12	-12.3%
S&P Municipal Bond Total Return	269.12	269.77	-0.2%	272.69	-1.3%	272.94	-1.4%	262.40	2.6%
iShares S&P National Municipal Bond NAV	105.42	106.10	-0.6%	107.42	-1.9%	108.42	-2.8%	106.09	-0.6%
S&P 500 Investment Grade Corporate Bond Total Return	450.71	442.92	1.8%	453.46	-0.6%	455.89	-1.1%	434.24	3.8%
S&P Investment Grade Corporate Bond	89.57	88.41	1.3%	90.59	-1.1%	91.76	-2.4%	89.55	0.0%
S&P Investment Grade Corporate Bond Total Return	479.69	471.67	1.7%	481.59	-0.4%	482.66	-0.6%	459.58	4.4%
SPDR Bloomberg High Yield Bond ETF	94.35	93.43	1.0%	95.20	-0.9%	94.73	-0.4%	90.92	3.8%
iShares iBoxx High Yield Corporate Bond ETF	77.13	76.29	1.1%	77.73	-0.8%	77.39	-0.3%	74.20	3.9%
Gold	2327.33	2286.25	1.8%	2229.87	4.4%	2062.98	12.8%	1977.61	17.7%
Bitcoin	67630.41	59868.89	13.0%	69654.16	-2.9%	41935.34	61.3%	26868.32	151.7%

Source: Bloomberg, Sanctuary Wealth, May 31, 2024

## Take This Job Data And Love It

**This week more data brings inflation into focus,  
with May's employment numbers taking center stage.**

With the markets remaining hyper-focused on inflation, this week we'll get a boatload of data to sort through, including ISM Manufacturing and ISM Services reports. Everyone will be focusing on economic growth and pricing within the ISM data. But with important releases on job openings, jobless claims, payrolls, hourly wages, and unemployment, the highlight for the week will be the employment level and wage growth numbers, which will give us a sense of inflation's stickiness. In policy circles, there's expectation that Biden must temper inflation in order to be re-elected. Any measures of success should serve to trigger a summer surge if not a summerlong rally.



# Calendar

- Mon.** 9:45 am S&P flash U.S. manufacturing PMI  
10:00 am Construction spending, ISM manufacturing  
TBA Auto sales  
Earnings: CIBC, GitLab, Science Applications
- Tue.** 10:00 am Factory orders, Job openings  
Earnings: Bath & Body Works, Core & Main, CrowdStrike, Designer Brands, Donaldson Company, Ferguson, Guidewire Software, Hewlett Packard Enterprise, PVH, Sportsman's Warehouse, Stitch Fix, Verint Systems
- Wed.** 8:15 am ADP employment  
8:30 am U.S. productivity (final revision), U.S. trade deficit  
9:45 am S&P flash U.S. services PMI  
10:00 am ISM services  
Earnings: Brown-Forman, Campbell Soup, ChargePoint, Couchbase, Dollar Tree, Five Below, Greif, Hibbett, Lululemon Athletica, Ollie's Bargain Outlet, REV Group, Semtech, Smartsheet, Sprinklr, Thor Industries, United Natural Foods, Victoria's Secret
- Thu.** 8:30 am Initial jobless claims  
Earnings: ABM Industries, Argan, Big Lots, Braze, Ciena, DocuSign, G-III Apparel, J.M. Smucker, Mission Produce, Nio, Samsara, The Toro Company, Vail Resorts, Zumiez
- Fri.** 8:30 am U.S. employment report, U.S. hourly wages  
10:00 am Wholesale inventories  
3:00 pm Consumer credit

Source: MarketWatch/Kiplinger

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