



 Week of July 8, 2024

The Drama Of The Election Continues

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In an attempt to recover from his disastrous performance against Donald Trump in the June 27th CNN Presidential debate, President Biden sat for a 22-minute taped interview last Friday night with ABC's George Stephanopoulos. While the goal may have been to alleviate concerns about Biden's health and cognition, many found the President to be underwhelming in the interview, leaving various questions still open for the Democratic Party. This is leading to more political drama going into November. It will prove to be a long election process – with the ultimate outcome as the top-of-mind concern for most investors. Polling and betting sites are currently predicting a win by former President Trump. As for the impact to markets, stocks are already pricing in a Trump win. But the November election is a "long ways away," so polling and market positioning can change – and do so quickly. Just take a look at what happened in the general election in France, so stay tuned.

Polling For Presidential Election – July 7, 2024, RealClear Polling

POLLSTER	DATE	SAMPLE	MOE	TRUMP (R)	BIDEN (D)	SPREAD
RCP Average	6/28 - 7/2	—	—	47.5	44.2	Trump +3.3
<u>NY Times/Siena</u>	6/28 - 7/2	1532 LV	2.3	49	43	Trump +6
<u>Wall Street Journal</u>	6/29 - 7/2	1500 RV	2.5	48	42	Trump +6
<u>CBS News</u>	6/28 - 7/2	2826 LV	2.3	50	48	Trump +2
<u>Reuters/Ipsos</u>	7/1 - 7/2	1070 RV	3.5	40	40	Tie
<u>Yahoo News</u>	6/28 - 7/1	1171 RV	2.9	45	43	Trump +2
<u>Harvard-Harris</u>	6/28 - 6/30	2090 RV	—	52	48	Trump +4
<u>CNN</u>	6/28 - 6/30	1045 RV	3.7	49	43	Trump +6
<u>Morning Consult</u>	6/28 - 6/30	10679 RV	1.0	44	43	Trump +1
<u>SurveyUSA</u>	6/28 - 6/28	2315 LV	2.5	45	43	Trump +2
<u>Forbes/HarrisX</u>	6/28 - 6/30	1500 RV	2.5	52	48	Trump +4
<u>Data for Progress (D)**</u>	6/28 - 6/28	1011 LV	3.0	48	45	Trump +3

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Presidential Betting Odds, RealClear Polling July 7, 2024

Betting Odds Data

BETTING ODDS	TRUMP	HARRIS	BIDEN	OBAMA	NEWSOM	WHITMER	KENNEDY	CLINTON	HALEY
RCP Average	55.7	15.0	14.3	5.0	3.5	2.5	2.0	1.3	0.8
BetOnline	58	17	16	6	4	3	2	2	1
Betfair	54	12	11	5	3	2	1	1	1
Bovada	58	15	14	5	3	3	3	1	0
Polymarket	57	11	15	4	2	—	2	—	—
PredictIt	52	21	20	—	5	—	3	—	1
Smarmets	55	14	10	5	4	2	1	1	1

Equity Markets Continue To Power Higher

The seasonals are bullish for the equity markets, and despite being very overbought, they continue to power higher. At this point, technical indicators will not help with the direction of the market (because they all signal overbought levels), so we need to look at the major price trend in the market. By examining the weekly trading channel for the S&P 500, we see a potential upward move toward 6000, representing nearly an 8% move from Friday's close. The Nasdaq Composite is tracking toward 2000 or an additional 11% move higher from Friday's close. Our target range for the S&P 500 is 5600-5800 with a longer-term target range of 6000-7000. We believe the equity market is now pricing in a Trump win in November. During his presidency, Trump often compared his success as President to what the stock market was doing. Of course, we are still very early in the election cycle and investor behaviors can change quickly.

We have been and continue to be bullish on the market, favoring Mega Caps and the Technology sector with Semiconductors maintaining the leadership. This is where the earnings of the market have been strong. Industrials are very oversold and benefit from an infrastructure buildout. Banks, particularly the Mega Cap banks, are breaking out on the speculation of a Trump win. (Note: continue to avoid regional banks, in our view.) Energy also appears to have finished its correction.

Looking ahead to September and into October, we are anticipating a correction – as that period is seasonally the weakest time of the year for the market. Why? A big reason is that many of the mutual fund companies have their year-end in October, and they reposition and take tax losses during that time. Given the market's strong returns and how extended stocks have become, a correction could be in the range of 10%. But we do anticipate a strong rally into the end of the year. In our view, 2024 could close up 20% plus, on the year.

Weekly S&P 500 Trading Channel Points To A Potential High of 6000



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Weekly Nasdaq Composite Trading Channel Points To 2000



Growth Over Value Continues To Drive Performance

The leadership has been Growth versus Value. Technically, there has been a significant breakout pointing to continued leadership of Growth. But the move is extended, so Value could poke its head up occasionally. Still, we maintain that the leadership will be Growth. Another indication Growth will retain leadership is the concentration of earnings in the Magnificent 7. Growth does well when earnings are not abundant – and they continue to be scarce. Value steps up when earnings are abundant, and when investors become more sensitive to valuations.

iShares Russell Growth Versus iShares Russell Value



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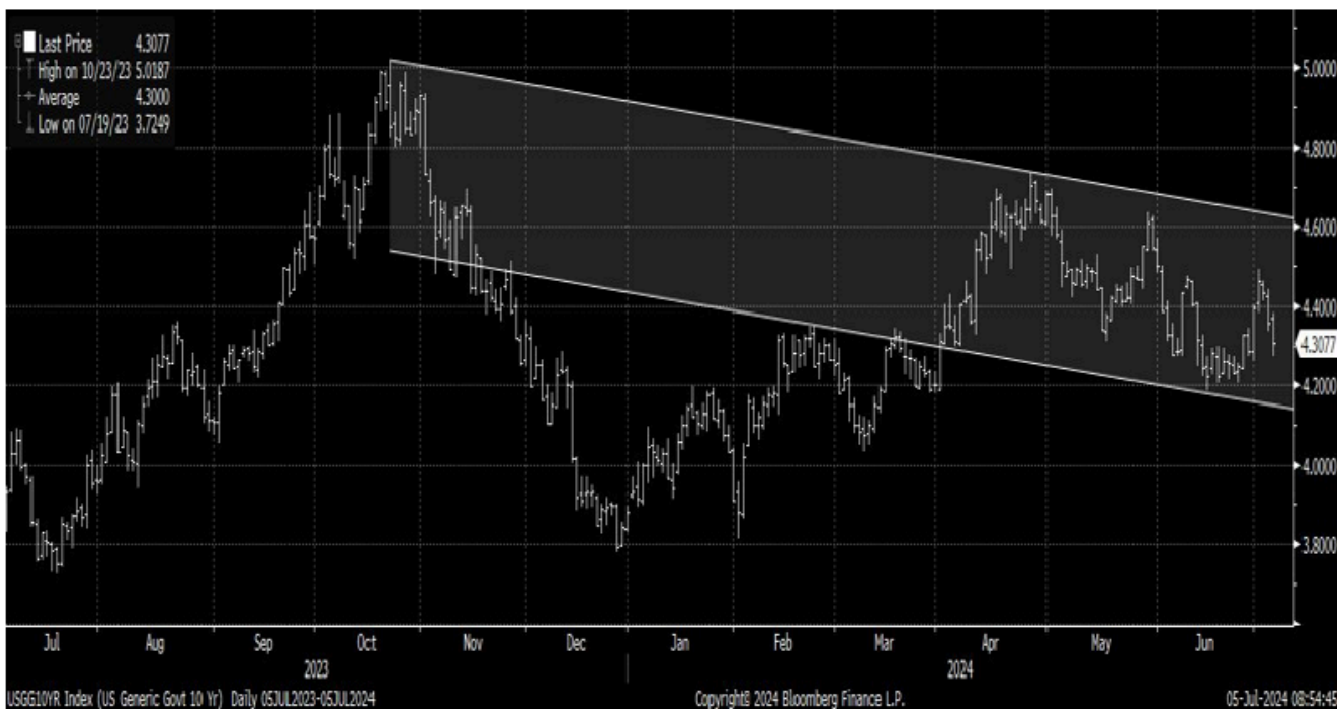
June Jobs Data Soft Which Drives Interest Rates Down

The June Jobs report came in slightly dovish. The job market has shown signs of growing but at a slower pace. The unemployment rate continued to tick up slightly to 4.1% (from 4.0% for the previous month). There have been two back-to-back months when the unemployment rate has risen 0.1 each month. Wages also remain tame. This soft June Jobs report drove interest rates down. The market continues to price in the first expected interest rate cut in September. We maintain that rates have peaked for this cycle.

2-Year Treasury Yield Breaking Key Support Levels: Moving Lower

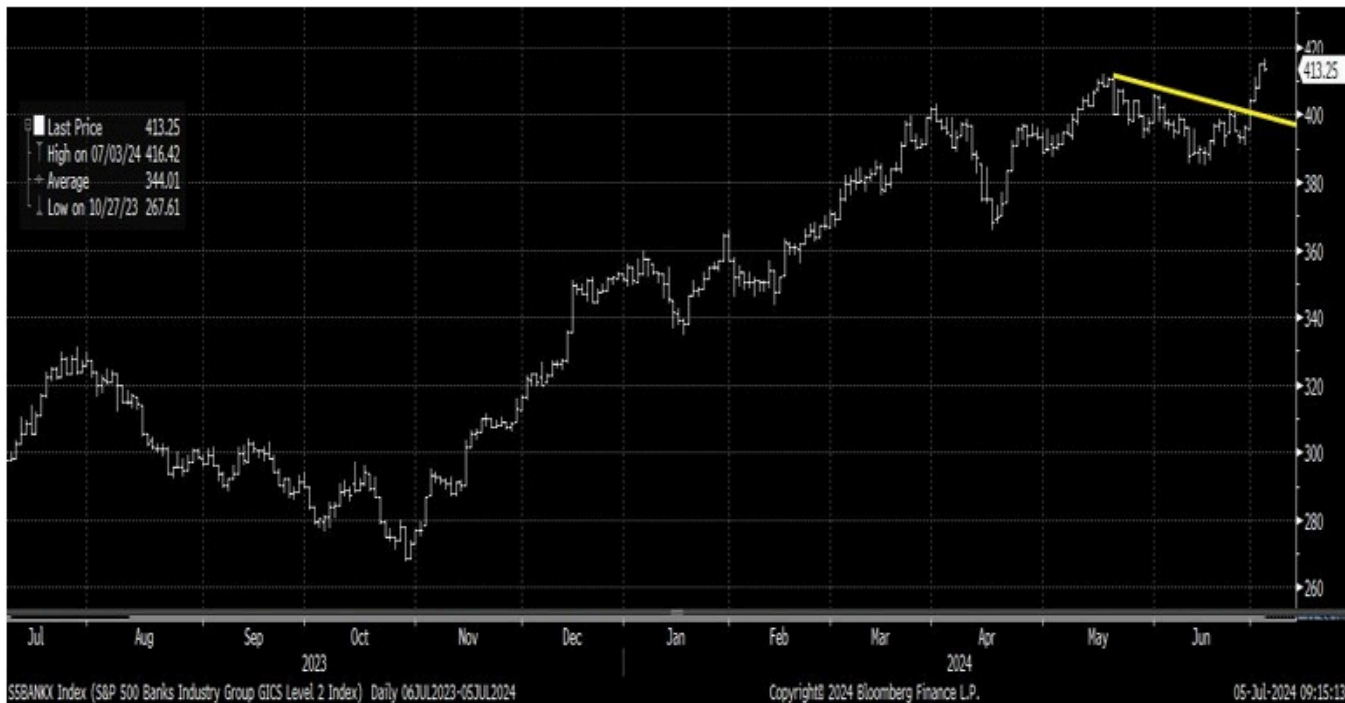


10-Year Treasury Yield Trending Down And Moving Lower

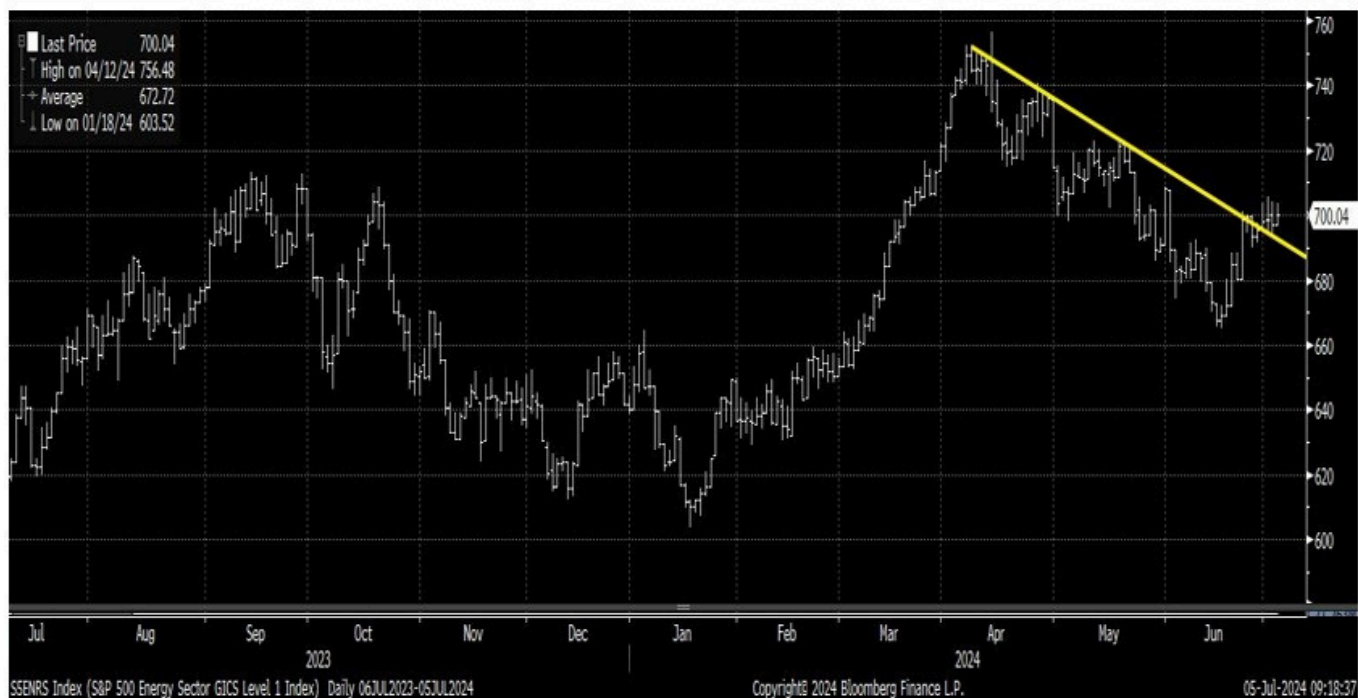


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S&P 500 Banks Break Out As Trump Win Gets Priced Into The Market



S&P 500 Energy Index: Stocks Appear To Have Bottomed



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Income ETF Idea: JEPQ

The JPMorgan Nasdaq Equity Premium Income ETF (JEPQ) tracks the Nasdaq 100 with lower volatility and generates income. The ETF has technically broken out and is currently yielding near 9%.

JPM Nasdaq Equity Premium ETF (JEPQ)



Bitcoin Technically Breaks Down

Technically, Bitcoin (BTC) had a double top (M Formation) and broke key support, which suggests BTC will test strong support near \$50,000. The long-term uptrend in BTC remains intact.

Bitcoin Short-Term Breakdown Technically: First Support Near \$50,000



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Market Performance

	Last 7/5/2024	Month End 6/28/2024	Month to Date	Quarter End 6/28/2024	Quarter to Date	Year End 12/29/2023	Year to Date	Year Ago 7/6/2023	Year To Year
S&P 500	5567.19	5460.48	2.0%	5460.48	2.0%	4769.83	16.7%	4411.59	26.2%
NASDAQ Composite	18352.76	17732.60	3.5%	17732.60	3.5%	15011.35	22.3%	13679.04	34.2%
NASDAQ 100	496.16	479.11	3.6%	479.11	3.6%	409.52	21.2%	367.46	35.0%
Russell 2000	2026.73	2047.69	-1.0%	2047.69	-1.0%	2027.07	0.0%	1842.23	10.0%
S&P Consumer Discretionary Sector	1548.12	1492.14	3.8%	1492.14	3.8%	1418.09	9.2%	1323.82	16.9%
S&P Consumer Staples Sector	828.34	819.86	1.0%	819.86	1.0%	762.32	8.7%	780.76	6.1%
S&P Energy Sector	689.38	698.23	-1.3%	698.23	-1.3%	640.05	7.7%	606.87	13.6%
S&P Financial Sector	690.61	684.26	0.9%	684.26	0.9%	626.35	10.3%	557.65	23.8%
S&P Health Care Sector	1684.01	1700.33	-1.0%	1700.33	-1.0%	1590.36	5.9%	1521.86	10.7%
S&P Industrials Sector	1026.22	1031.96	-0.6%	1031.96	-0.6%	964.73	6.4%	896.56	14.5%
S&P Information Technology Sector	4508.13	4341.09	3.8%	4341.09	3.8%	3397.16	32.7%	3054.18	47.6%
S&P Materials Sector	553.95	556.50	-0.5%	556.50	-0.5%	539.62	2.7%	506.98	9.3%
S&P Real Estate Sector	240.42	241.17	-0.3%	241.17	-0.3%	251.58	-4.4%	238.35	0.9%
S&P Communications Sector	322.31	310.19	3.9%	310.19	3.9%	246.00	31.0%	216.64	48.8%
S&P Utilities Sector	348.28	346.33	0.6%	346.33	0.6%	321.92	8.2%	334.61	4.1%
S&P 500 Total Return	12142.54	11907.15	2.0%	11907.15	2.0%	10327.83	17.6%	9478.73	28.1%
3 month Treasury Bill Price	98.66	98.66	0.0%	98.66	0.0%	98.66	0.0%	98.66	0.0%
3 month Treasury Bill Total Return	250.78	250.53	0.1%	250.53	0.1%	243.98	2.8%	237.65	5.5%
10 Year Treasury Bond Future	110.61	109.98	0.6%	109.98	0.6%	112.89	-2.0%	110.61	0.0%
10 Year Treasury Note Total Return	294.00	292.03	0.7%	292.03	0.7%	294.12	0.0%	282.98	3.9%
iShares 20+ Year Treasury Bond ETF	92.56	91.78	0.8%	91.78	0.8%	98.88	-6.4%	99.68	-7.1%
S&P Municipal Bond Total Return	273.85	273.41	0.2%	273.41	0.2%	272.94	0.3%	263.28	4.0%
iShares S&P National Municipal Bond NAV	106.62	106.67	0.0%	106.67	0.0%	108.42	-1.7%	106.12	0.5%
S&P 500 Investment Grade Corporate Bond Total Return	457.25	453.34	0.9%	453.34	0.9%	455.89	0.3%	429.28	6.5%
S&P Investment Grade Corporate Bond	90.44	89.77	0.7%	89.77	0.7%	91.76	-1.4%	88.24	2.5%
S&P Investment Grade Corporate Bond Total Return	486.33	482.45	0.8%	482.45	0.8%	482.66	0.8%	454.66	7.0%
SPDR Bloomberg High Yield Bond ETF	94.59	94.27	0.3%	94.27	0.3%	94.73	-0.1%	90.52	4.5%
iShares iBoxx High Yield Corporate Bond ETF	77.43	77.14	0.4%	77.14	0.4%	77.39	0.1%	73.78	4.9%
Gold	2392.16	2326.75	2.8%	2326.75	2.8%	2062.98	16.0%	1910.90	25.2%
Bitcoin	56354.49	60118.16	-6.3%	60118.16	-6.3%	41935.34	34.4%	30315.91	85.9%

Source: Bloomberg, Sanctuary Wealth, July 5, 2024

Look For Inflation Data And Earnings Announcements To Drive Yields And Stocks

This week we'll see key inflation data, more rate cut conjecture, and the start of earnings season

On the heels of receiving June's soft employment data, the market will be hyper-focused on the Consumer Price Index (CPI) and Producer Price Index (PPI) data released this week. What's everyone looking for? Evidence about inflation that will enable the Federal Reserve to begin cutting interest rates in September – a move which the market is also pricing in, along with an expected Trump win. It's also important to note that Friday begins the 2Q24 earnings season. The EPS parade kicks off with the Banks, namely JPMorgan Chase (JPM), Bank of New York Mellon (BK), Citicorp (C) and Wells Fargo (WFC). These reports will be important given the recent breakout in the S&P 500 Banks Index. Stocks are overbought, but is the market overheated? Earnings will give us a temperature check.



Calendar

3:00 pm Consumer credit
Earnings: Greenbrier

Mon.

6:00 am NFIB optimism index
9:15 am Fed Vice Chair for Supervision Michael Barr speaks
10:00 am Fed Chairman Powell testimony to Senate
1:30 pm Fed Governor Michelle Bowman introductory remarks
Earnings: Helen of Troy, SMART Global

Tue.

Wed.

10:00 am Wholesale inventories, Fed Chairman Powell testimony to House
2:30 pm Chicago Fed President Austan Goolsbee and Fed Governor Michelle Bowman at Fed event on childcare industry
7:30 pm Fed Governor Lisa Cook speaks
Earnings: AZZ, PriceSmart, WD-40

Thu.

8:30 am Initial jobless claims, Consumer price index, Core CPI
10:30 am Atlanta Fed President Raphael Bostic speaks
1:00 pm St. Louis Fed President Alberto Musalem speaks
2:00 pm Monthly U.S. federal budget
Earnings: Delta Air Lines, PepsiCo

Fri.

8:30 am Producer price index, PPI year over year, Core PPI
10:00 am Consumer sentiment (prelim)
Earnings: Bank of New York Mellon, Citigroup, Fastenal, JPMorgan Chase, Wells Fargo

Source: MarketWatch/Kiplinger

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