



 Week of September 30, 2024

## Micron & China Ignite The Markets

Last week, we saw the release of a string of key economic data – including the all-important Core PCE (Personal Consumption Expenditures Price Index) – and the data is all supportive of higher equities and lower yields.

But what really impacted stocks around the world was the earnings report and outlook for memory chips from Micron (MU), which ignited the semiconductor stocks and Technology overall. Then, in a highly uncharacteristic move, China came out publicly with a bazooka plan to stimulate the economy – and that drove its equity market significantly higher since many are underweight or even short the market.

The amount of current monetary stimulus is the strongest since 2020 and, according to Bank of America investment strategist Michael Hartnett, 2024 is on course to be third biggest year of global rate cuts this century. He sees 151 cuts by year-end, versus 162 cuts in 2020 and 205 cuts in 2009. Whenever the Federal Reserve (Fed) eases monetary policy by cutting rates into recessions, it's normally negative for risk assets. However – this time – the Fed cutting rates with no recession should be positive for risk assets. Investors are firmly of view that the combined moves by the Fed and China creates sufficient policy easing to short-circuit recession risk. It's our view that the easing should now allow the U.S. to have no landing at all and, in fact, continue to grow. We believe it might be possible for the U.S. to print a 5.0% real GDP number in 2025.

To add to all this, the consumer has more savings than originally expected. Recent data revisions now put the savings rate at 5.0%, up significantly from the former 3.0%.

So, we see these factors as creating a powerful perfect storm that could keep risk assets rallying and the equity markets continuing to achieve new record highs. Remember: Liquidity Trumps Everything! We expect the S&P 500 could hit 6000 by the end of the year.

*Granted, October may prove to offer a bit of volatility, but the overall trend is clear: stocks will continue higher and yields lower!*

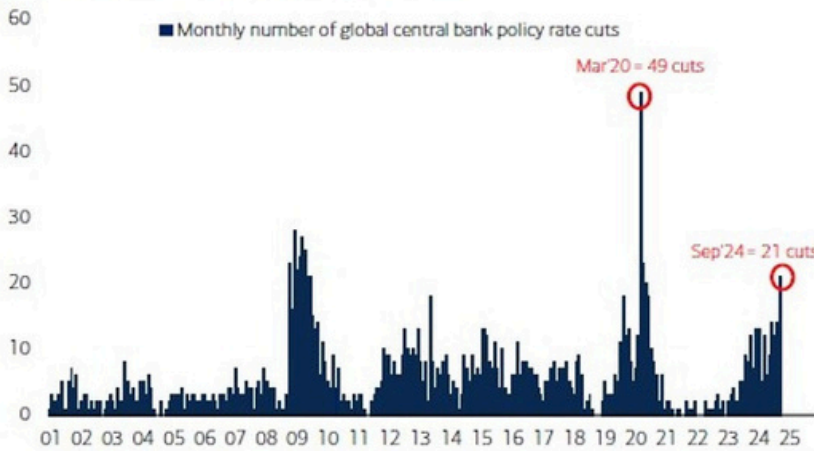
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Bank Of America Estimates The Biggest Monetary Easing Since 2020!

This is Aggressive Given No Recession In The U.S. – Very Bullish For Risk Assets

Longer-Term All This Stimulus Will Bring Inflation Back!

**Chart 3: Sep'24 is biggest month of monetary easing since Apr'20**  
 Monthly global central bank policy rate cuts



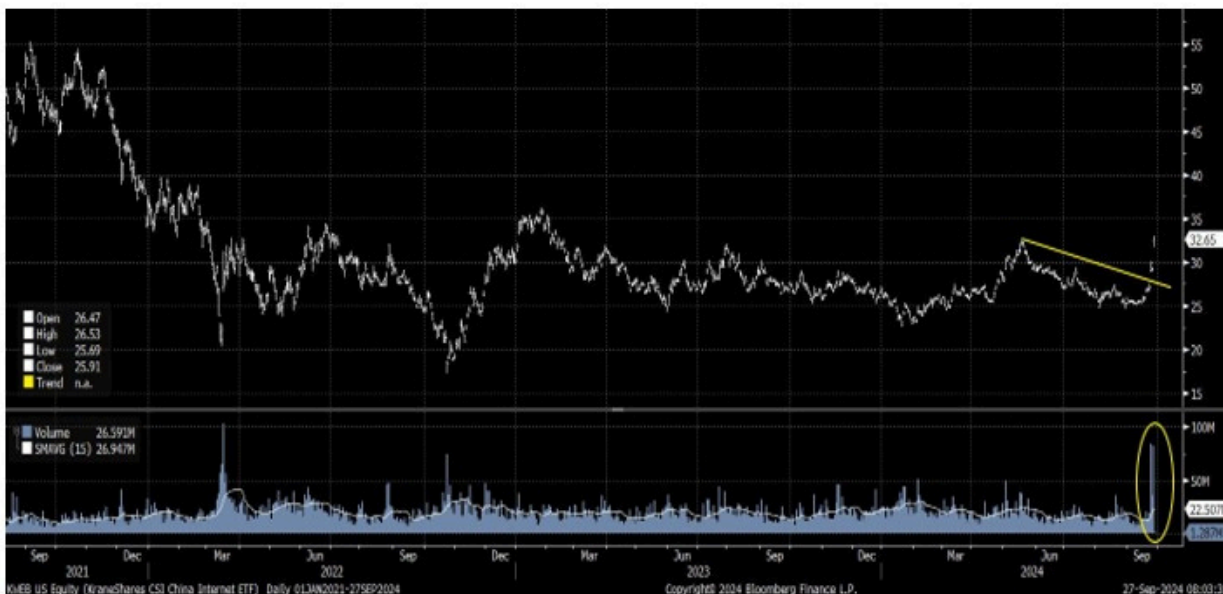
Source: BofA Global Investment Strategy, Bloomberg. Large sample of 100+ central banks  
 BofA GLOBAL RESEARCH

Source: Bank of America, September 27, 2024

Chinese Internet Stocks Have Bottomed – Bull To Now Run

Breakaway Gaps On Surge In Volume Says Bear Market Is Over

KraneShares CSI China Internet ETF (KWEB)



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## Emerging Markets Internet ETF (EMQQ) – Major Breakout



## Emerging Markets Have Bottomed On China Bailout

## iShares MSCI Emerging Markets ETF (EEM) – Huge Breakout!





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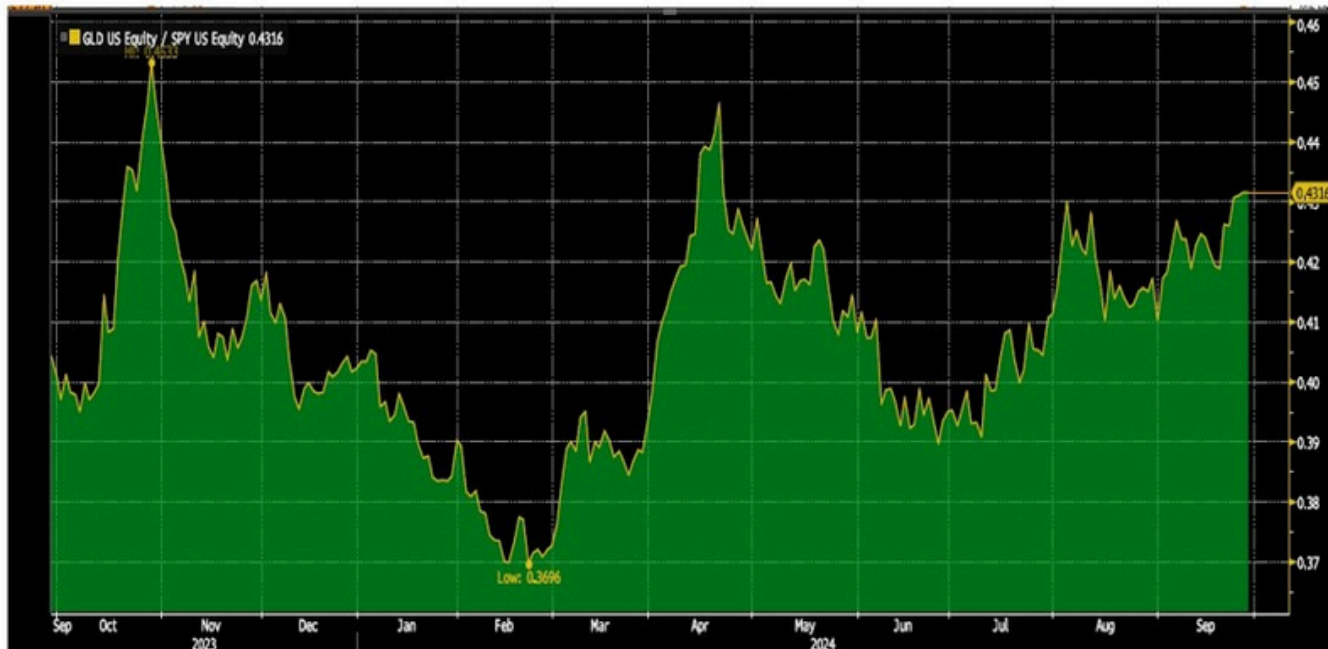
China Stimulus Moves Metal Stocks – NYSE Arca Gold BUGS Index Has Bottomed!

NYSE Arca Gold BUGS Index (BUGS) Reverses Downtrend – Bull Run Just Beginning



Gold Now Outperforming Stocks – Market Pricing In Inflation Longer-Term

Gold SPDR ETF (GLD) Vs. S&P 500 ETF (SPY)

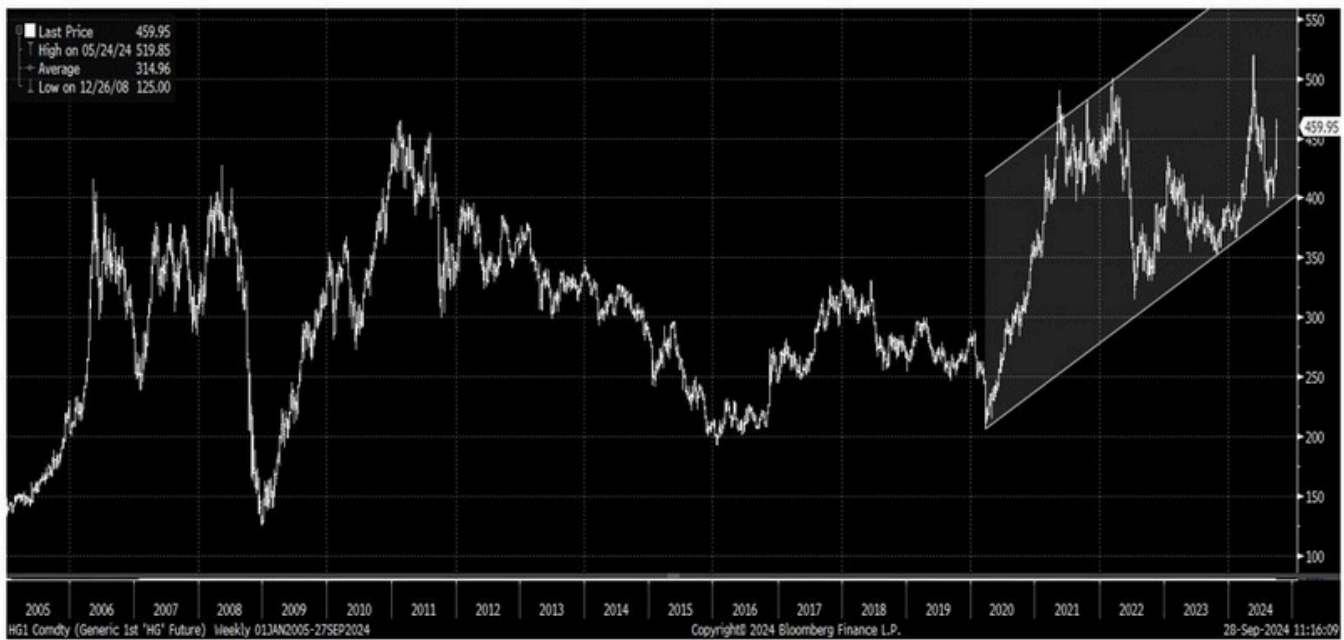


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## Spot Silver Now In Play With Significant Breakout – Expect Highs To Get Tested



## Dr. Copper Has Bottomed And Is In An Uptrend – A Good Proxy For GDP Growth



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## September To Finish Strong – Not What Investors Expected

September is running up 1.50% -- and that's counter the seasonals, where September is down over 1.0%.

## New Record Highs Instead For Equities & Technology On The Move

## S&P 500 Continues To Reach Record Highs



## VanEck Semiconductor ETF (SMH) Has Bottomed – Targeting ~ 20% Rally To New Highs



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## Technology SPDR Sector ETF (XLK) – Tech To Resume Leadership



## Industrials Also In A Bull Run – Strong Cyclical Benefiting From Rate Cuts

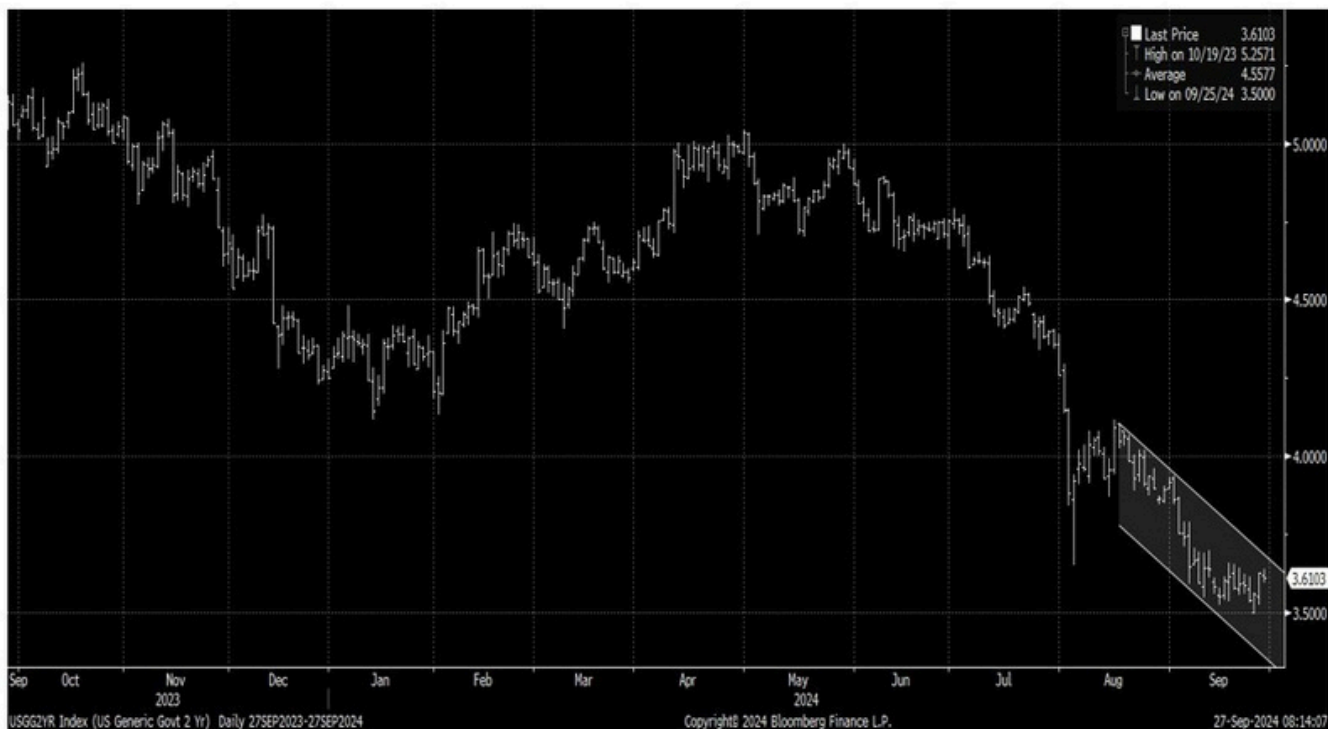
### Invesco Equal Weighted Industrial ETF (RSPN) – Going Higher



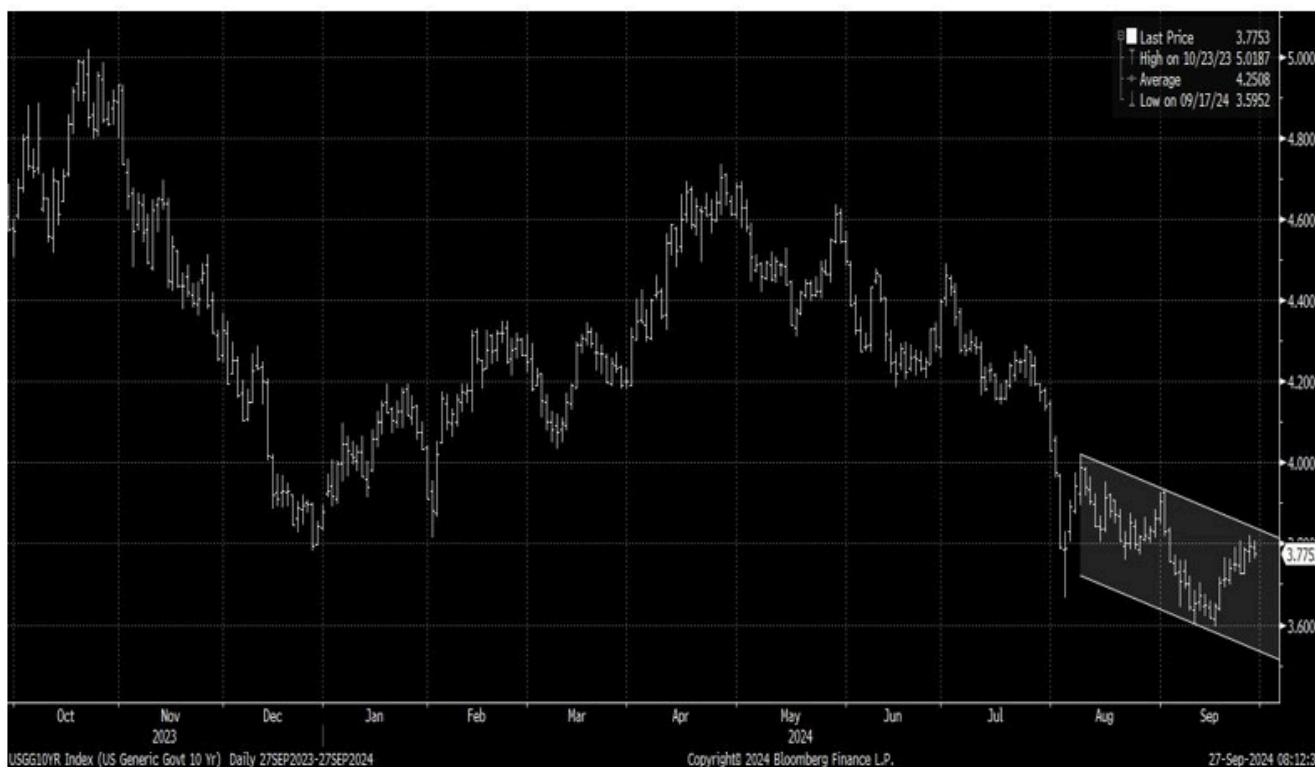
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## Interest Rates Continue To Fall Supporting Higher Equity Markets

### 2-Year Treasury Yields Plunging



### 10-Year Treasury Yields Still In A Downward Channel





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## Market Performance

	Last 9/27/2024	Month End 8/30/2024	Month to Date	Quarter End 6/28/2024	Quarter to Date	Year End 12/29/2023	Year to Date	Year Ago 9/28/2023	Year To Year
S&P 500	5738.17	5648.40	1.6%	5460.48	5.1%	4769.83	20.3%	4299.70	33.5%
NASDAQ Composite	18119.59	17713.62	2.3%	17732.60	2.2%	15011.35	20.7%	13201.28	37.3%
NASDAQ 100	486.75	476.27	2.2%	479.11	1.6%	409.52	18.9%	358.01	36.0%
Russell 2000	2224.71	2217.63	0.3%	2047.69	8.6%	2027.07	9.7%	1794.31	24.0%
S&P Consumer Discretionary Sector	1609.92	1500.16	7.3%	1492.14	7.9%	1418.09	13.5%	1245.24	29.3%
S&P Consumer Staples Sector	887.00	882.60	0.5%	819.86	8.2%	762.32	16.4%	727.42	21.9%
S&P Energy Sector	670.92	695.86	-3.6%	698.23	-3.9%	640.05	4.8%	708.08	-5.2%
S&P Financial Sector	751.79	759.21	-1.0%	684.26	9.9%	626.35	20.0%	553.24	35.9%
S&P Health Care Sector	1785.58	1829.71	-2.4%	1700.33	5.0%	1590.36	12.3%	1505.61	18.6%
S&P Industrials Sector	1141.58	1110.78	2.8%	1031.96	10.6%	964.73	18.3%	859.00	32.9%
S&P Information Technology Sector	4378.48	4298.51	1.9%	4341.09	0.9%	3397.16	28.9%	2874.46	52.3%
S&P Materials Sector	611.36	593.39	3.0%	556.50	9.9%	539.62	13.3%	490.52	24.6%
S&P Real Estate Sector	278.34	272.90	2.0%	241.17	15.4%	251.58	10.6%	211.27	31.7%
S&P Communications Sector	312.12	300.95	3.7%	310.19	0.6%	246.00	26.9%	221.27	41.1%
S&P Utilities Sector	408.55	385.51	6.0%	346.33	18.0%	321.92	26.9%	305.25	33.8%
S&P 500 Total Return	12553.78	12344.43	1.7%	11907.15	5.4%	10327.83	21.6%	9271.55	35.4%
3 month Treasury Bill Price	98.83	98.73	0.1%	98.66	0.2%	98.66	0.2%	98.63	0.2%
3 month Treasury Bill Total Return	253.92	252.88	0.4%	250.53	1.4%	243.98	4.1%	240.58	5.5%
10 Year Treasury Bond Future	114.73	113.56	1.0%	109.98	4.3%	112.89	1.6%	107.86	6.4%
10 Year Treasury Note Total Return	307.02	302.74	1.4%	292.03	5.1%	294.12	4.4%	278.17	10.4%
iShares 20+ Year Treasury Bond ETF	98.57	96.49	2.2%	91.78	7.4%	98.88	-0.3%	88.68	11.2%
S&P Municipal Bond Total Return	280.73	278.03	1.0%	273.41	2.7%	272.94	2.9%	254.19	10.4%
iShares S&P National Municipal Bond NAV	108.36	107.78	0.5%	106.67	1.6%	108.42	0.0%	102.12	6.1%
S&P 500 Investment Grade Corporate Bond Total Return	479.82	470.76	1.9%	453.34	5.8%	455.89	5.2%	421.97	13.7%
S&P Investment Grade Corporate Bond	93.80	92.43	1.5%	89.77	4.5%	91.76	2.2%	86.29	8.7%
S&P Investment Grade Corporate Bond Total Return	509.39	500.41	1.8%	482.45	5.6%	482.66	5.5%	448.87	13.5%
SPDR Bloomberg High Yield Bond ETF	97.79	96.82	1.0%	94.27	3.7%	94.73	3.2%	90.46	8.1%
iShares iBoxx High Yield Corporate Bond ETF	80.36	79.34	1.3%	77.14	4.2%	77.39	3.8%	73.83	8.8%
Gold	2658.24	2503.39	6.2%	2326.75	14.2%	2062.98	28.9%	1864.87	42.5%
Bitcoin	65813.57	59045.40	11.5%	60118.16	9.5%	41935.34	56.9%	27089.32	143.0%

Source: Bloomberg, Sanctuary Wealth, September 27, 2024

## Will JOLTS Jolt the Market?

This week it's all about the latest employment numbers.

We're looking at a relatively light data week (ISM Manufacturing & Services are standouts) – but the focus will be on jobs, jobs, jobs. Why? That's what the Fed is now homed in on. So, the markets will be looking at the ADP employment data, jobless claims, hourly wages, the unemployment rate, and the all important JOLTS (Job Openings and Labor Turnover Survey). And remember: even if the employment numbers are weak, it can be bullish and the market can still rally! Why? Because downward data would confirm that the Fed will continue to cut interest rates. And you can expect to hear more confirmation of this direction from all the Fed speak that will be buzzing this week.



# Calendar

Mon.

8:50 am Federal Reserve Governor Michelle Bowman speaks  
9:45 am Chicago Business Barometer (PMI)  
1:55 pm Federal Reserve Chair Jerome Powell speaks  
Earnings: Carnival\*

Tue.

9:45 am S&P final U.S. manufacturing PMI  
10:00 am ISM manufacturing, Construction spending, Job openings  
11:10 am Federal Reserve Governor Lisa Cook speaks  
6:15 pm Richmond Fed President Tom Barkin, Atlanta Fed President Raphael Bostic and Boston Fed President Susan Collins on a joint panel about technology-enabled disruption  
TBA Auto sales  
Earnings: Lamb Weston, Paychex, Nike, Cal-Maine Foods

Wed.

8:15 am ADP employment  
9:00 am Cleveland Fed President Beth Hammack gives welcoming remarks  
10:05 am St. Louis Fed President Alberto Musalem gives opening remarks  
Earnings: Micron Technology, Cintas, Jefferies, Worthington Steel  
11:00 am Federal Reserve Governor Michelle Bowman speaks  
12:15 pm Richmond Fed President Tom Barkin speaks  
Earnings: Conagra, Levi Strauss

Thu.

8:30 am Initial jobless claims  
9:45 am S&P final U.S. services PMI  
10:00 am ISM services, Factory orders  
10:40 am Minneapolis Fed President Neel Kashkari moderates discussion with Atlanta Fed President Raphael Bostic  
Earnings: Constellation Brands

Fri.

8:30 am U.S. nonfarm payroll, U.S. unemployment rate, U.S. hourly wages  
9:00 am New York Fed President John Williams gives opening remarks  
Earnings: Apogee Enterprises

Source: MarketWatch/Kiplinger/CNBC

\*Earnings reflect highlights

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3815 River Crossing Pkwy, Suite 200  
Indianapolis, IN 46260