

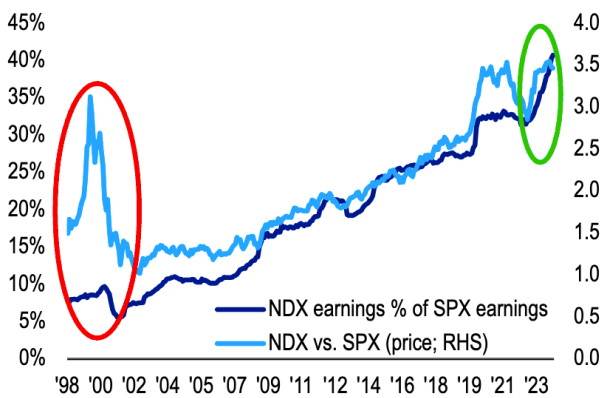
## Weekly(ish) Newsletter

A collection of market/economic insights, investment ideas, upcoming macro events, and miscellaneous snippets that the WSF team find interesting.

### Will Tech Stocks Continue To Dominate?

Are tech stocks “expensive” relative to the rest of the market? The below data argues that they continue to trend in line with fundamentals vs. periods such as the dot com bubble and 2021.

**Exhibit 20: During the tech bubble stock prices clearly decoupled from fundamentals, a phenomenon we have yet to see recently**  
 Nasdaq 100 vs S&P 500 - earnings & performance



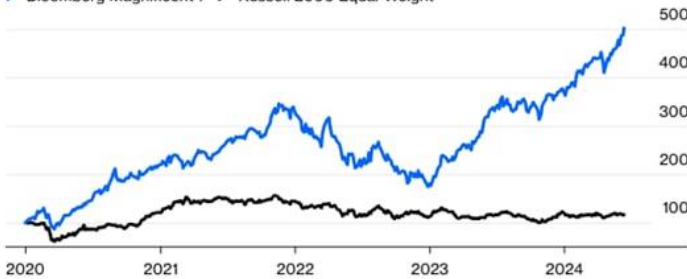
Source: BofA US Equity & Quant Strategy, FactSet. Data from Jan-98 to Apr-24.

“Nvidia, Microsoft, Apple, Google, Amazon, Meta and Tesla have a \$16 trillion combined market value, 34% of the S&P 500 and LARGER than the ENTIRE S&P as recently as February 2016.” [Link](#)

#### **A Win for the Big Guys**

While the Magnificent 7 gained 400%, the average small stock rose 17%

■ Bloomberg Magnificent 7 ■ Russell 2000 Equal-Weight



Source: Bloomberg  
 Note: Rebased: 100 = 01/01/2020

As of June 13, 2024

### Futures Markets Pricing in 1 Interest Rate Cut in 2024

Futures markets now only pricing in 1 rate cut in 2024. At one point the market was pricing in nearly 7!

Fed messaging since the FOMC meeting has echoed Powell’s comments that policymakers need to see further progress on inflation to gain greater confidence that it is moving sustainably toward its 2.0% target. This week, six Fed officials get another opportunity to share some insights on where they see policy rates heading.

While officials penciled in only 1 rate cut in 2024, Raymond James CIO expects the Fed to deliver 2 cuts this year amid cooling inflation and moderating economic activity.

Futures Markets Price in Fewer Fed Rate Cuts for the Year  
 Number of 25-basis-point<sup>5</sup> Fed Rate Hikes or Cuts Predicted by December 2024



As of 5/2/24. Source: Federal Open Market Committee, Bloomberg, Wellington Management, and Hartford Funds.

### Economic Momentum Continues to Slow

The Citi Economic Surprise Index (which measures how economic data comes in vs. expectations) remains in negative territory—declining to the lowest level since August 2022. This suggests that the economy is losing momentum and that upward revisions to GDP growth (a key story for risk assets year-to-date) are likely behind us. Raymond James expects growth to remain positive; however, the pace should moderate to a 2.1% annual rate in 2024.

### Evens Calendar

#### **Notable earnings:**

**(Tuesday morning)** CCL; **(Tuesday afternoon)** JEF, FDX; **(Wednesday morning)** GIS, PAYX, SPWR; **(Wednesday afternoon)** FUL, LEVI, MU, BB; **(Thursday morning)** AYI, MKC, WBA; **(Thursday afternoon)** NKE.

## Major US Indicators Events Calendar

JUN. 24 THROUGH JUN. 30, 2024

| Indicator Name   | Next Release                              | 1 Release Ago                      |
|--|---|------------------------------------|
| Latest Value   | Next Release Time (ET)                    | 2 Release Ago                      |
|  | Frequency                                 | 3 Release Ago                      |
| <b><u>US New Single Family Houses Sold</u></b><br>634.00K              | <b>06/26/2024</b><br>10:00 AM<br>Monthly  | -4.66% □<br>5.39% □<br>-4.97% □    |
| <b><u>US Initial Claims for Unemployment Insurance</u></b><br>238000.0 | <b>06/27/2024</b><br>8:30 AM<br>Weekly    | -2.06% □<br>6.11% □<br>3.62% □     |
| <b><u>US Real GDP QoQ</u></b><br>1.30%                                 | <b>06/27/2024</b><br>8:30 AM<br>Quarterly | -61.76% □<br>-30.61% □<br>133.3% □ |
| <b><u>US Durable Goods New Orders YoY</u></b><br>1.27%                 | <b>06/27/2024</b><br>8:30 AM<br>Monthly   | -72.14% □<br>0.00% —<br>--         |
| <b><u>US Personal Savings Rate</u></b><br>3.80%                        | <b>06/27/2024</b><br>8:30 AM<br>Quarterly | 2.70% □<br>-13.95% □<br>-15.69% □  |
| <b><u>US Durable Goods New Orders MoM</u></b><br>0.68%                 | <b>06/27/2024</b><br>8:30 AM<br>Monthly   | -69.16% □<br>213.2% □<br>--        |
| <b><u>30 Year Mortgage Rate</u></b><br>6.87%                           | <b>06/27/2024</b><br>12:00 PM<br>Weekly   | -1.15% □<br>-0.57% □<br>-0.57% □   |
| <b><u>US Personal Consumption Expenditures</u></b><br>19.34T           | <b>06/28/2024</b><br>8:30 AM<br>Monthly   | 0.20% □<br>0.75% □<br>0.66% □      |

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