



# CONCENTURE

WEALTH MANAGEMENT

## Concenture Corner

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**March  
2024**

### Executive Summary

#### Look For Gains To Be Maintained For 1Q24

There has yet to be a significant pullback in the market in 2024. In fact, our industry work indicates that the current rally is broadening. Many industries that are lagging the S&P 500 in performance are rallying, a sign that the rally is broadening out. The rally is taking place not only in the U.S., but also in other parts of the world. Japan's market has made new all-time highs after a bear market that lasted over 30 years, and Europe is also breaking out to new all-time highs. For now, the Bull isn't bucking as much as expected – it's flat out running. With the end of the 1Q24 nearing, the likelihood is the market will maintain its rally. Investors generally want to book a good quarter of returns. *We could see some April showers hit the market with some consolidation of gains, but the rain should provide continued blossoms for the market.*

Given the broad breakout in the equity market benchmark indices, we have raised our target on the S&P 500 for this year to a range of 5400-5800 from our original forecast of 5200-5400. Our longer-term projected target has moved to a range of 6100-7000. There's only one average that has not yet hit a new high and that's the Dow Jones Transportation Index (DJTI). We would love to see DJTI join the action and hit a record high. Why? In Dow Theory, for the confirmation of a new market high, both the DJIA and DJTI averages should hit highs together. However, this concept was originally espoused when the U.S. economy was industrial-based. Today we are in a Digital Economy, so the important confirmation is actually from the Nasdaq, and we now have new record highs from both the Nasdaq 100 and the Nasdaq Composite as of the first of March. *This confirms the Bull run!*

**Our Target Range  
For The S&P 500:  
5400-5800**



## Monthly S&P 500 With Fibonacci Projections: Target Range 5400-5800

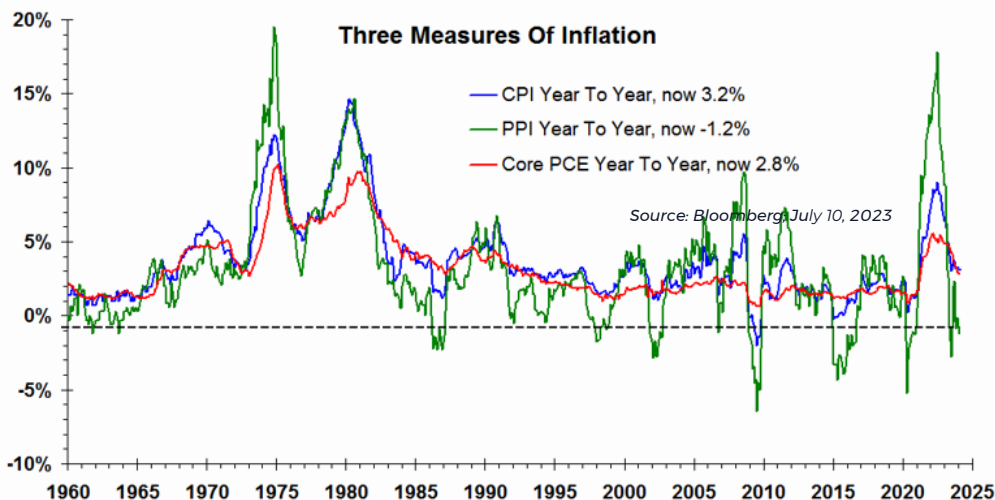


Source: Bloomberg, Sanctuary Wealth, March 6, 2024

## Inflation Has So Far Been Tamer Than Expected

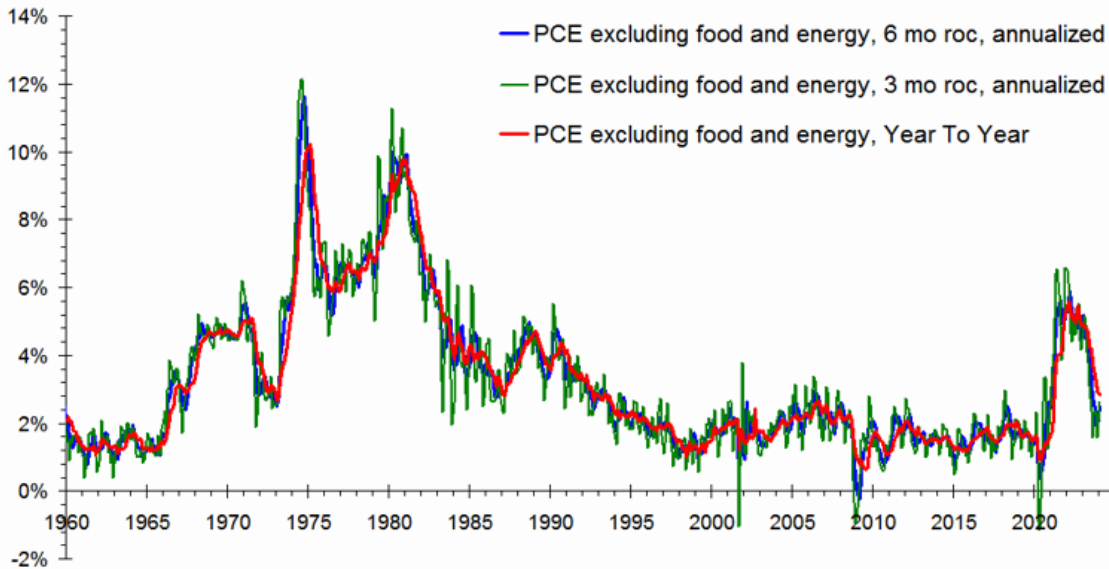
The Federal Reserve's tighter interest rate policy and quantitative tightening seem to have cooled inflationary forces in the U.S. economy. The Fed remains cautious; as reported by Reuters, Chair Jerome Powell told Congress that "rate reductions will 'likely be appropriate' later this year, 'if the economy evolves broadly as expected' and once officials gain more confidence in inflation's steady decline." Inflation continues to come down but not to the Fed's target range of 2%. The services part of inflation remains sticky. The risk to markets is that inflation does not reach the Fed's target and/or the economy grows stronger than expected. This would risk the Fed holding rates higher for longer. *We believe the Fed will be able to lower rates later in the year, likely during the summer months.*

## Three Broad Measures Of Inflation Are Declining



Source: Bureau of Labor Statistics, Bureau of Economic Analysis, Sanctuary Wealth, March 6, 2024

## Personal Consumption Expenditures Excluding Food And Energy Appears To Be Contained



Source: Bureau of Economic Analysis, Sanctuary Wealth, March 6, 2024

## Interest Rates Are Declining For Now

The market has interpreted Fed Chair Powell's position to mean that the Fed is unlikely to raise rates this year. As we anticipated, 10-year Treasury yields held resistance at 4.3% and have declined from there. Interest rates may face some headwinds with upcoming inflation and economic data. For now, we expect rates to hold support around 4%.

## 10-Year Treasury Yield Held Resistance At 4.3%. There May Be Support Around 4%.



Source: Bloomberg, Sanctuary Wealth, March 6, 2024



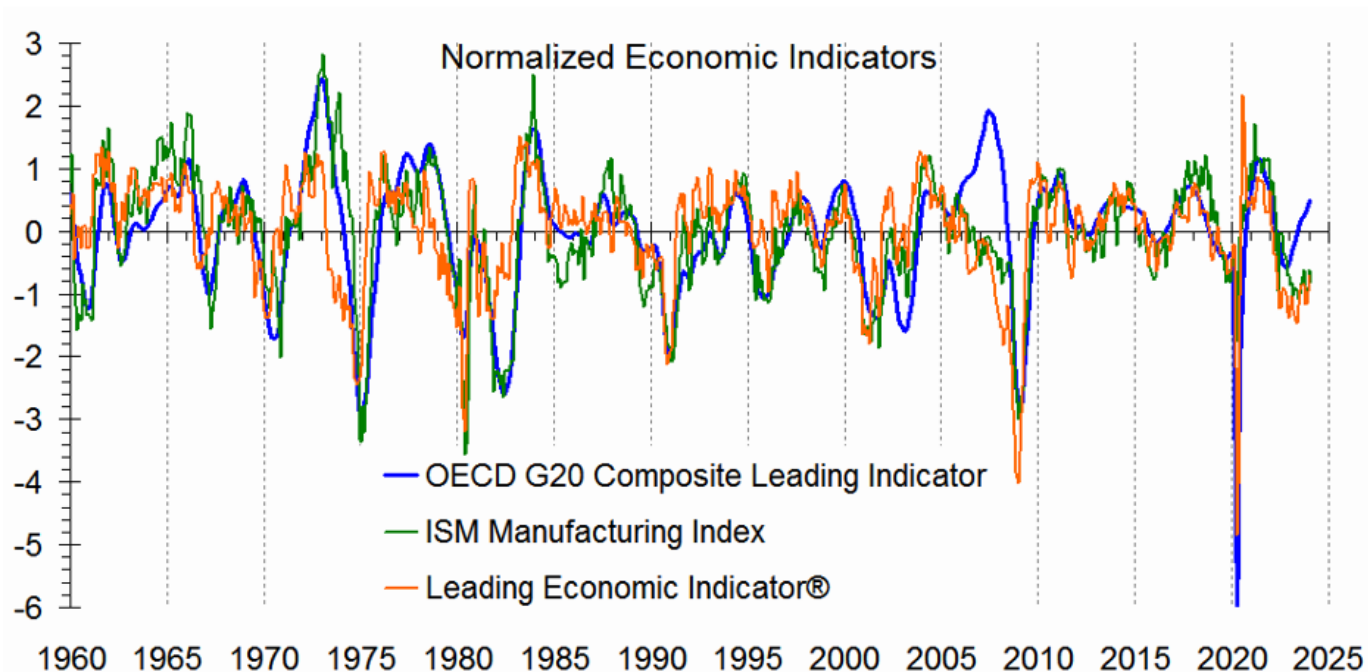
## The Rise In Economic Activity Is Not Limited To The U.S.

Other economies are also improving. The OECD (Organisation for Economic Co-operation and Development) tracks economic activity throughout the world. Its composite leading indicator for the Group of Twenty (G20), the twenty largest of the developed economies, is showing notable improvement in economic activity. Japan's economy is also improving: Japan is a world leader in technology, and as manufacturing and development leave China, Japan has strongly benefitted.

Japan's stock market as measured by the Nikkei 225 Index has risen to new all-time highs for the first time in 34 years. We believe this is significant: the U.S. market broke out of a similar slump in the mid-1950s, which had begun with the infamous Crash of 1929, taking 25 years to achieve a new all-time high. This was followed by 18 years of mostly strong markets. If Japan enjoys a similar run, we could expect to see a secular bull market there for the next 20 years.

The European market, as represented by the EURO STOXX 50 Index of blue-chip European stocks, similarly broke to new all-time highs after nearly 17 years. Coupled with events in Japan, we believe this indicates that the rally in the U.S. is a more global event that should have momentum to carry prices and valuations higher.

## Economic Activity Is Picking Up In The US And In The G20



Source: Organisation for Economic Co-operation and Development, Institute for Supply Management, The Conference Board, Sanctuary Wealth, March 6, 2024



## Nikkei 225 Has Broken To New All-Time Highs



Source: Bloomberg, Sanctuary Wealth, March 6, 2024

## European Stocks Are Also Making All-Time Highs



Source: Bloomberg, Sanctuary Wealth, March 6, 2024



## SPDR Industrial ETF: Major Breakout



Source: Bloomberg, Sanctuary Wealth, March 6, 2024

## Bitcoin Nears The Market Capitalization Of Silver

CoinDesk reported on March 4 that the market capitalization of Bitcoin was approaching that of monetary silver. We agree that this is a significant milestone: Silver has been used as currency since time immemorial. And unlike Bitcoin, which is theoretically limited to 21 million units, a tremendous amount of fresh silver can still be mined.

## Bitcoin Tops \$68K, Nearing Silver's \$1.38T Market Cap

Source: CoinDesk.com, March 4, 2024

## Bitcoin At All-Time Highs



Source: Bloomberg, March 11, 2024



## Semiconductors Remain “Leader of the Pack”

One sign of a bull market is that its leadership remains in place. Semiconductors continue to advance in price, remaining market leaders in this bull market. New chip designs are coming to market for faster and more efficient computation to power not only artificial intelligence, but also increasingly diverse electronic control of everyday items, from toasters to automobiles.

## The VanEck Semiconductor ETF (SMH) Extends 3-Year Base Breakout With Strong Stochastic



Source: Bloomberg, March 6, 2024

## Positioning

We continue to reinforce our outlook on positioning your portfolios. We prefer Growth over Value. *Why?* Because Growth stocks tend to outperform Value stocks when earnings are scarcer. Technology remains the market leader with Semiconductors remaining the “Leader of the Pack.” With technology expanding to all areas of the global economy, every sector has a place to invest based on the growth in new technologies. For example, Communication Services has many of the other technologies that are being embraced across the economy.

We prefer Cyclical over Defensives because cyclical stocks tend to outperform defensive stocks when the Bull is running. We prefer Discretionary over Staples. *Why?* When the economy is expanding (as opposed to contracting), consumers are usually not concerned about their income, and so, discretionary spending stocks tend to outperform consumer staples.

Higher rates continue to create an opportunity to add duration to portfolios and we continue to stress laddering maturities as the longer-term trend in interest rates is higher. Overall, we would focus on staying with Quality.



## Market Performance

	Last 3/11/2024	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 3/10/2023	Year To Year
S&P 500	5117.94	5096.27	0.4%	4769.83	7.3%	4769.83	7.3%	3861.59	32.5%
NASDAQ Composite	16019.27	16091.92	-0.5%	15011.35	6.7%	15011.35	6.7%	11138.89	43.8%
NASDAQ 100	437.39	439.00	-0.4%	409.52	6.8%	409.52	6.8%	288.55	51.6%
Russell 2000	2065.88	2054.84	0.5%	2027.07	1.9%	2027.07	1.9%	1772.70	16.5%
S&P Consumer Discretionary Sector	1445.24	1485.31	-2.7%	1418.09	1.9%	1418.09	1.9%	1072.43	34.8%
S&P Consumer Staples Sector	800.76	789.20	1.5%	762.32	5.0%	762.32	5.0%	741.17	8.0%
S&P Energy Sector	675.18	653.14	3.4%	640.05	5.5%	640.05	5.5%	628.78	7.4%
S&P Financial Sector	675.28	670.05	0.8%	626.35	7.8%	626.35	7.8%	546.28	23.6%
S&P Health Care Sector	1702.36	1686.41	0.9%	1590.37	7.0%	1590.37	7.0%	1443.91	17.9%
S&P Industrials Sector	1027.02	1022.56	0.4%	964.73	6.5%	964.73	6.5%	835.48	22.9%
S&P Information Technology Sector	3760.03	3748.57	0.3%	3397.16	10.7%	3397.16	10.7%	2366.99	58.9%
S&P Materials Sector	568.16	550.91	3.1%	539.62	5.3%	539.62	5.3%	491.26	15.7%
S&P Real Estate Sector	250.45	245.41	2.1%	251.58	-0.4%	251.58	-0.4%	226.20	10.7%
S&P Communications Sector	271.49	272.50	-0.4%	246.00	10.4%	246.00	10.4%	170.71	59.0%
S&P Utilities Sector	323.05	313.71	3.0%	321.92	0.4%	321.92	0.4%	325.20	-0.7%
S&P 500 Total Return	11126.07	11062.11	0.6%	10327.83	7.7%	10327.83	7.7%	8253.65	34.8%
3 month Treasury Bill Price	98.66	98.65	0.0%	98.66	0.0%	98.66	0.0%	98.77	-0.1%
3 month Treasury Bill Total Return	246.45	246.09	0.1%	243.98	1.0%	243.98	1.0%	233.97	5.3%
10 Year Treasury Bond Future	111.59	110.44	1.0%	112.89	-1.1%	112.89	-1.1%	112.63	-0.9%
10 Year Treasury Note Total Return	292.69	288.95	1.3%	294.12	-0.5%	294.12	-0.5%	286.66	2.1%
iShares 20+ Year Treasury Bond ETF	95.68	94.18	1.6%	98.88	-3.2%	98.88	-3.2%	105.59	-9.4%
S&P Municipal Bond Total Return	273.94	272.74	0.4%	272.94	0.4%	272.94	0.4%	260.15	5.3%
iShares S&P National Municipal Bond NAV	107.99	107.92	0.1%	108.42	-0.4%	108.42	-0.4%	105.89	2.0%
S&P 500 Investment Grade Corporate Bond Total Return	453.71	448.78	1.1%	455.89	-0.5%	455.89	-0.5%	428.81	5.8%
S&P Investment Grade Corporate Bond	90.81	90.01	0.9%	91.76	-1.0%	91.76	-1.0%	89.25	1.8%
S&P Investment Grade Corporate Bond Total Return	481.66	476.73	1.0%	482.66	-0.2%	482.66	-0.2%	453.89	6.1%
SPDR Bloomberg High Yield Bond ETF	94.70	94.62	0.1%	94.73	0.0%	94.73	0.0%	90.03	5.2%
iShares iBoxx High Yield Corporate Bond ETF	77.39	77.33	0.1%	77.39	0.0%	77.39	0.0%	73.44	5.4%
Gold	2182.75	2044.30	6.8%	2062.98	5.8%	2062.98	5.8%	1868.26	16.8%
Bitcoin	72115.85	61430.64	17.4%	41935.34	72.0%	41935.34	72.0%	20101.78	258.8%

Source: Bloomberg, Sanctuary Wealth, March 11, 2024





## Last Words

While we stand by our outlook for 2024, we have identified three risks:

1. There are no interest rate cuts at all by the Federal Reserve during the year;
2. The economy continues to grow faster than expected, leading to the risk of a rate hike; and;
3. Oil prices cross \$100 per barrel and stay there.

Any of these scenarios could negatively impact our 2024 market outlook.

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