

Concenture Week Ahead

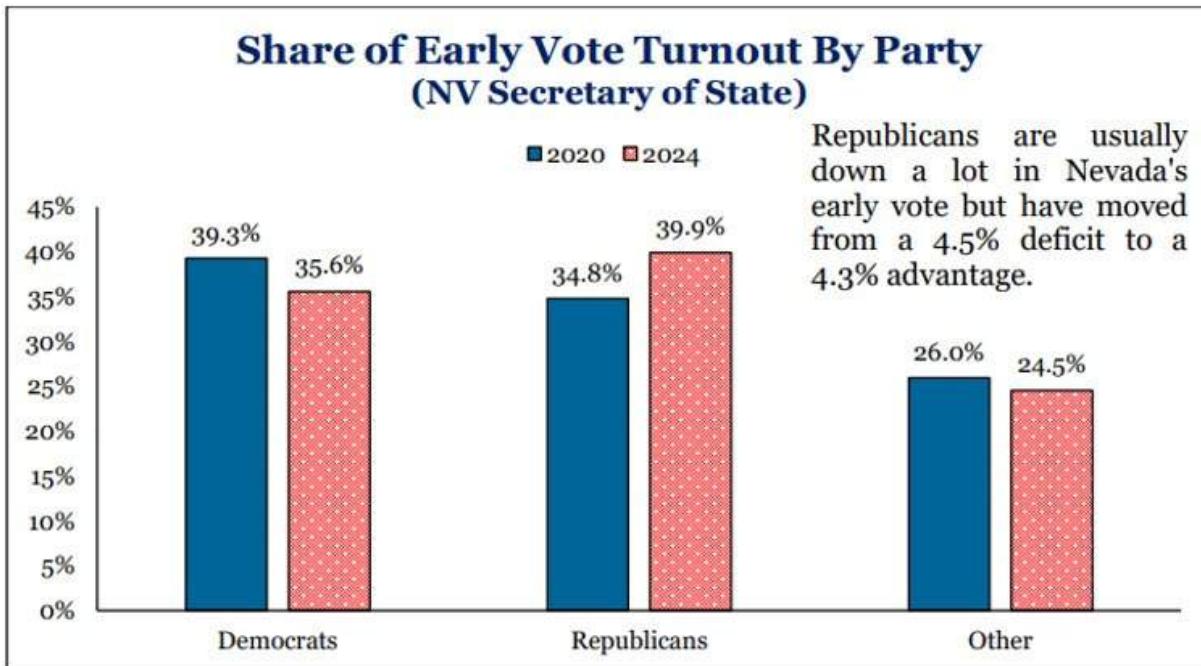
Robert Gilliland
Managing Director

 Week of October 28, 2024

It's A Tight Race: What Is The Market Saying?

With less than two weeks to go till the Presidential election, the market has flipped from a Harris win and is now pricing in a Trump win.

Current polling has been changing very quickly over the past weeks, and early voting has Republicans closing the gap in key swing states.
Early Voting Favors Republicans



Source: Strategas, October 25, 2024



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Top hedge fund names (Stan Druckenmiller, Paul Tudor Jones, Dan Loeb) have been out talking their book, saying they believe Trump will win and putting on Trump trades. Well, what is a Trump trade, and can we see this in the market? Investors believe that, based on the policies Trump has laid out with tariffs and tax cuts, his economic plan will be inflationary. So, we would see interest rates across the curve rising. Now, there are other factors driving rates, such as the strength in the economy and the market lowering its expectation of aggressive interest rate cuts by the Federal Reserve (Fed). But, higher interest rates are driving the U.S. Dollar higher. Gold is also hitting record highs every week. Gold historically is linked to the direction of inflation.

Trump also stands for deregulation, and Technology and Tech-related companies would be the beneficiaries, as many of the companies in this area are under investigation. Strategas, a macro research shop, has calculated that companies representing about 40% of the market capitalization of the S&P 500 are currently under investigation by the Department of Justice (DOJ) for assorted actions. Strategas lists 41 companies with a wide range of businesses and market caps. What they have in common is that the DOJ is reportedly investigating them for various and sundry regulatory or other matters. This doesn't mean any of them are guilty, only that the vast legal bureaucracy is hunting for something to hold against them. The most recent one in the news was Alphabet (GOOGL) threatened with a breakup by the DOJ for the monopoly of its search engine. So, a Trump win would most likely positively impact the Nasdaq 100 in particular, given its heavy tech weighting.

Bitcoin is also expected to benefit under a Trump win as he is crypto friendly. Bitcoin has been attempting a breakout from a one year consolidation. Another thing we're seeing is the market pricing in a Yen carry-trade, which also is a sign of a risk-on trade.

So, as of today, the surprise win would be Harris.

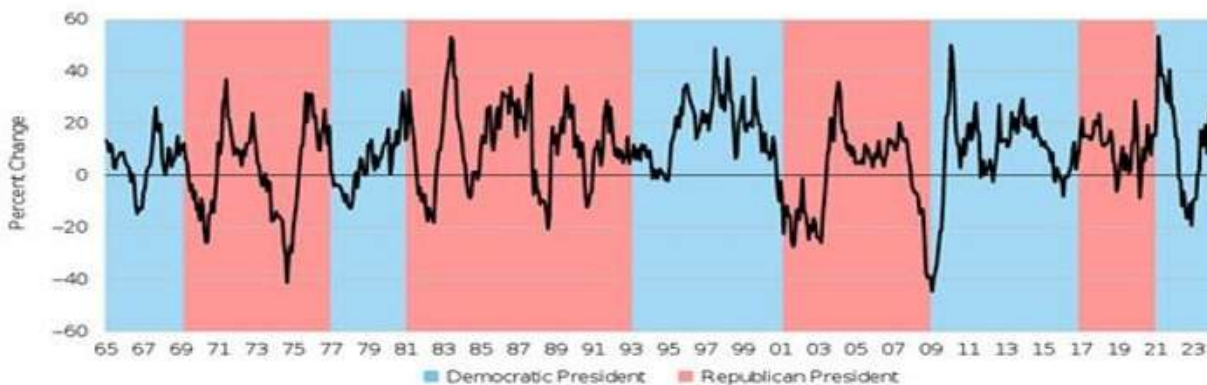
But What Does This All Mean For Investors?

Historically there is no connection between a political party and the performance of the stock market over time. The better returns traditionally come from gridlock in Washington with no one party in power. The equity market has entered the seasonally strongest part of the year, but the seasons since September have not been working. September and October are seasonally the weakest period for the market. But these months have been strong, leading to an overbought equity market with the S&P 500 more overbought than the Nasdaq 100. As of today, it is possible that no matter who wins the election, the markets can have a minor correction or consolidation. But we remain bullish, looking for the S&P 500 to track toward 6000 as we approach year-end.

Year-to-Year Change In The S&P 500 Does Not Favor A Political Party

Quick! Label the Presidential Parties

S&P 500: 1965-2024



Past performance does not guarantee future results. An investor cannot invest in an index. Through April 30, 2024. Source: Bloomberg and AB



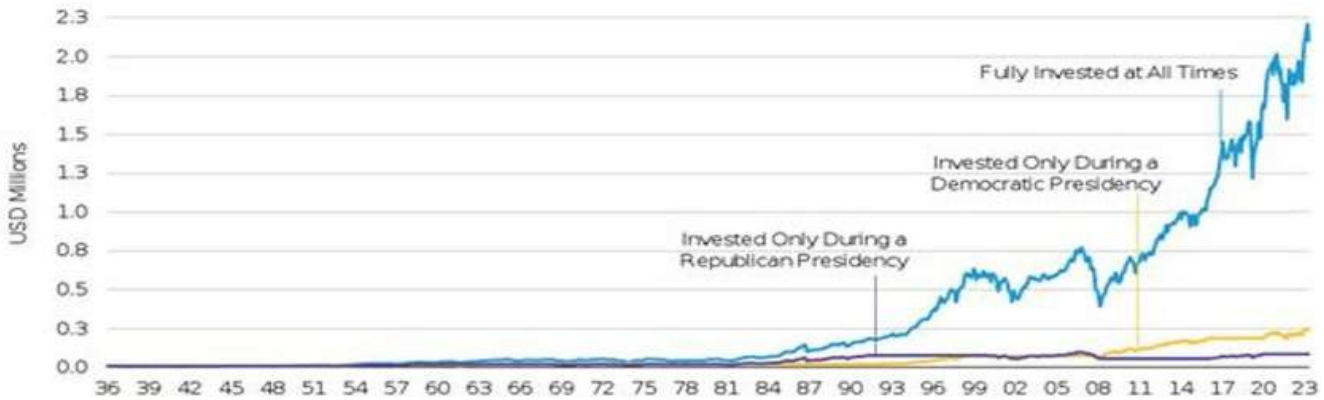


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Investing Based On Political Party Creates Underperformance

Politics Don't Matter: Stay Fully Invested

Growth of US \$10,000: Dow Jones Industrial Average



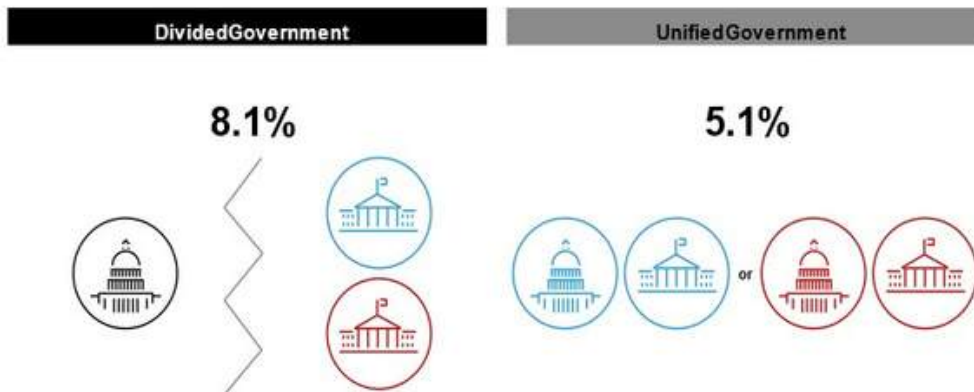
Past performance does not guarantee future results. Monthly performance of the Dow Jones Industrial Average, dating back to 1937 Through April 30, 2024 Source: Morningstar, S&P Dow Jones and AB



2024 US Election Outlook

A Split Government Has The Best Equity Market Returns

Politics Don't Matter: Historically, Having One Party in Power Doesn't Lead to Better Equity Returns



Past performance does not guarantee future results. Returns are an annualized weighted average for each congressional term dating back to 1937, based off the Dow Jones Industrial Average price return. As of April 30, 2024 Source: Bloomberg and AB

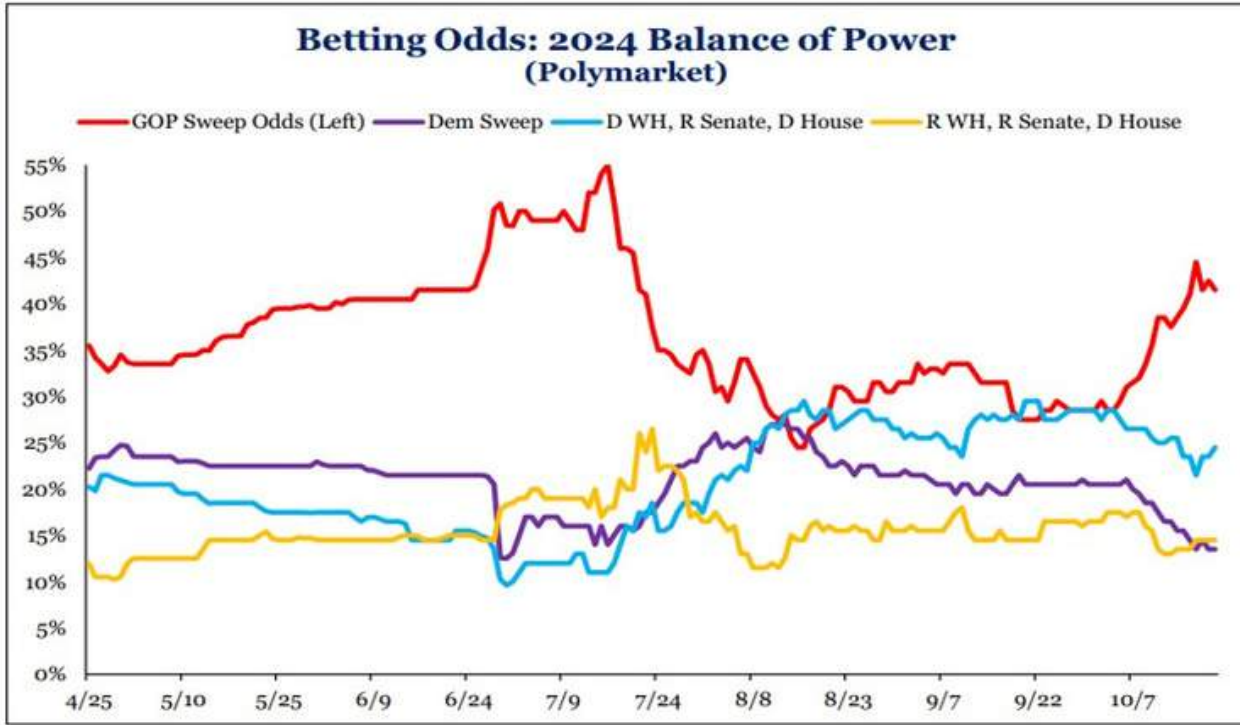


2024 US Election Outlook



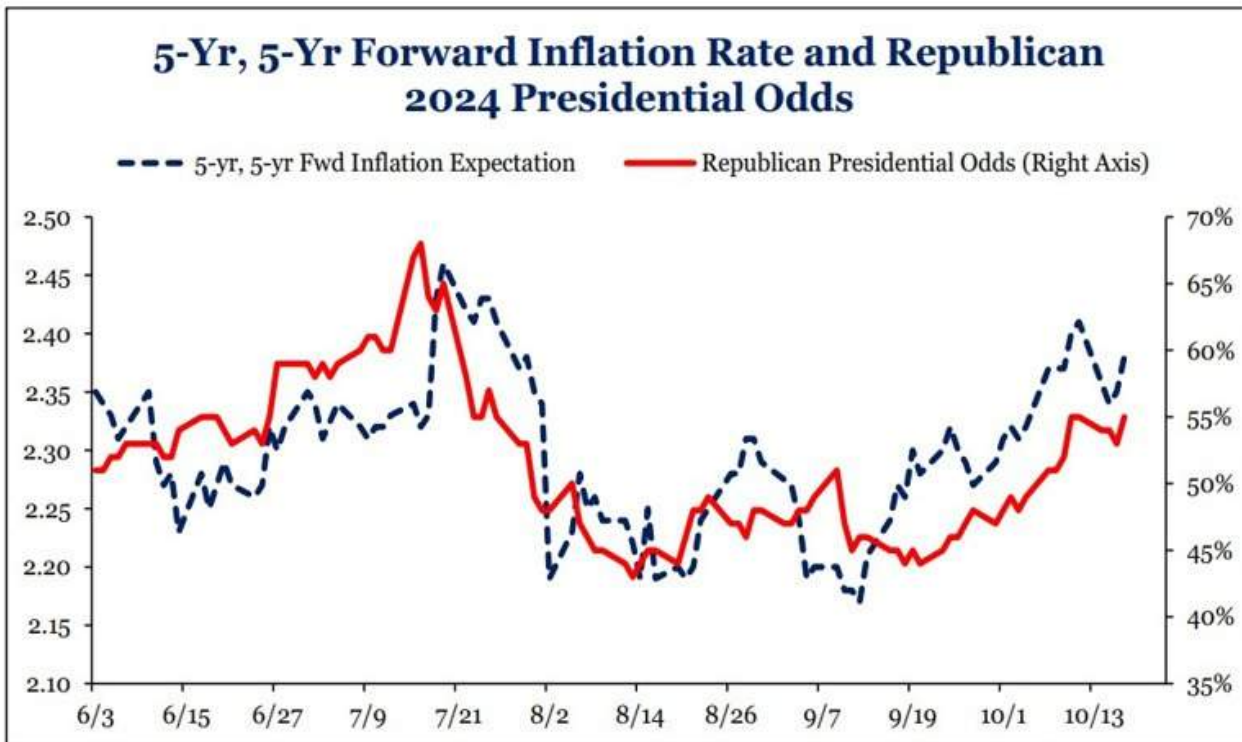
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Betting Odds Swing To GOP Sweep



Source: Strategas, October 21, 2024

Inflation Concern With A Trump Win

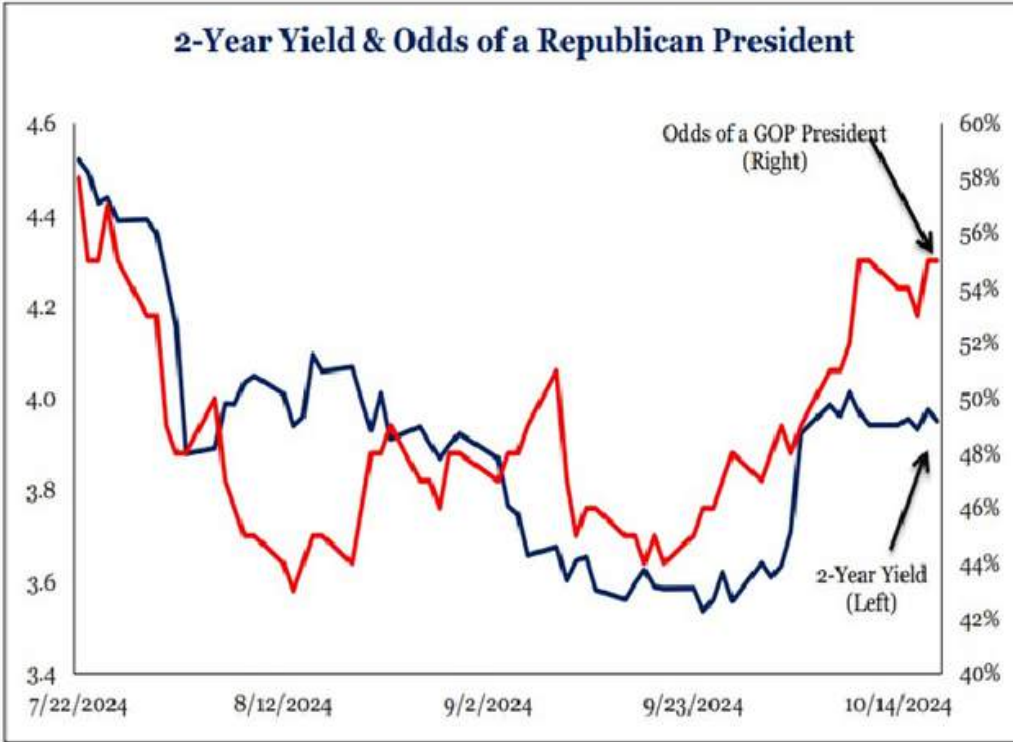


Source: Strategas, October 21, 2024

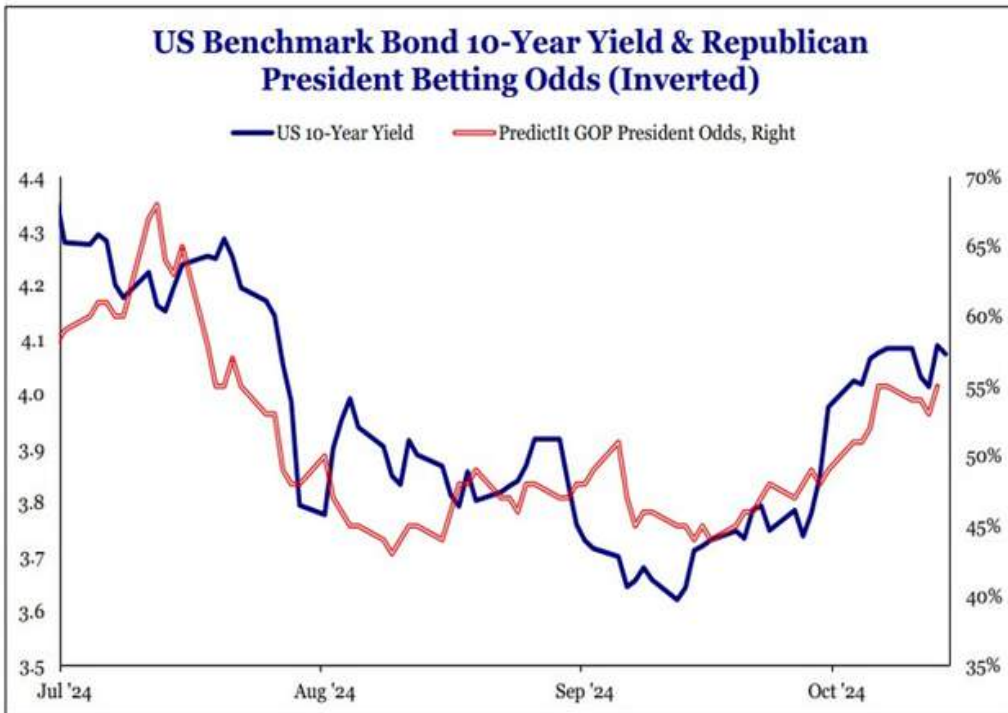


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Market Is Pricing In 2 & 10 Year Treasury Yields Rising With Republican President Win



Source: Strategas, October 21, 2024

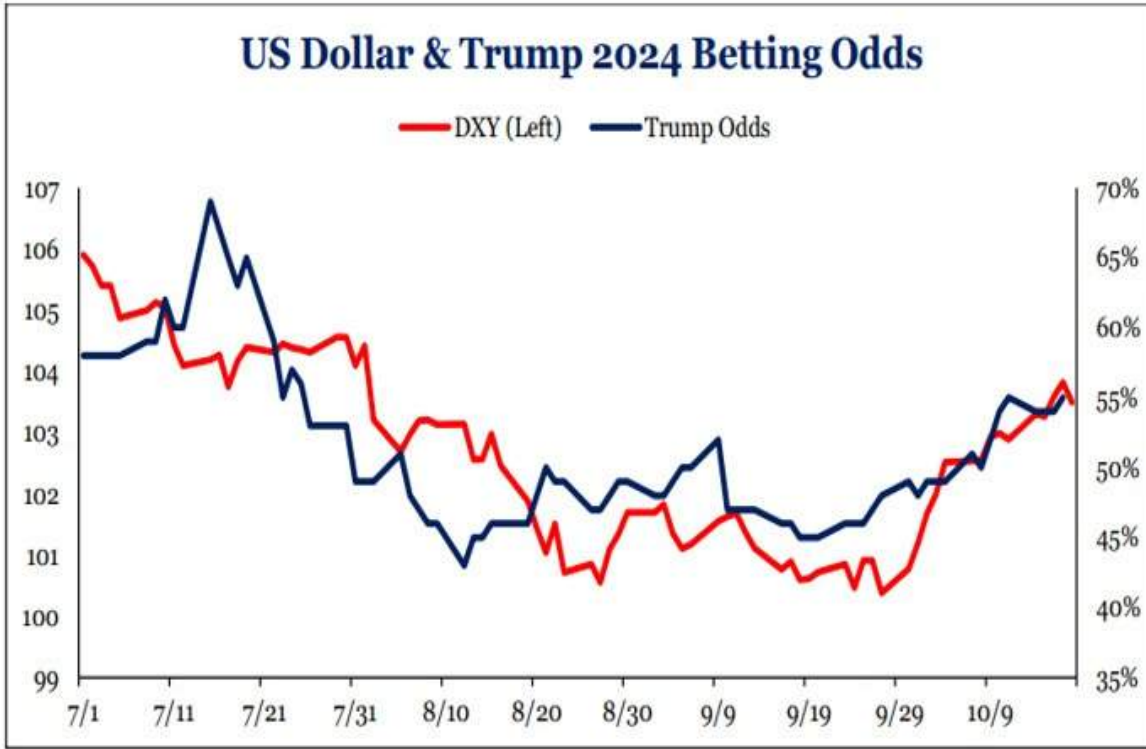


Source: Strategas, October 21, 2024



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Dollar Strong With Higher Interest Rates & A Trump Win



Source: Strategas, October 21, 2024

The Yen Carry Trade Is Trading With A Trump Win Which Indicates Risk-On



Source: Strategas, October 21, 2024



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Deregulation Favors Tech Heavy Nasdaq 100 (QQQ)



Source: Strategas, October 21, 2024

Gold Continues To Reach Record Highs As Silver Breakouts

Gold With Multi-Year Breakout To New Record Highs





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Silver With Multi-Year Breakout



Bitcoin Breaking To The Upside From A One-Year Consolidation: Bullish



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Market Performance

	Last 10/25/2024	Month End 9/30/2024	Month to Date	Quarter End 9/30/2024	Quarter to Date	Year End 12/29/2023	Year to Date	Year Ago 10/26/2023	Year To Year
S&P 500	5808.12	5762.48	0.8%	5762.48	0.8%	4769.83	21.8%	4137.23	40.4%
NASDAQ Composite	18518.61	18189.17	1.8%	18189.17	1.8%	15011.35	23.4%	12595.61	47.0%
NASDAQ 100	495.32	488.07	1.5%	488.07	1.5%	409.52	21.0%	343.66	44.1%
Russell 2000	2208.00	2229.97	-1.0%	2229.97	-1.0%	2027.07	8.9%	1657.00	33.3%
S&P Consumer Discretionary Sector	1610.51	1605.41	0.3%	1605.41	0.3%	1418.09	13.6%	1163.81	38.4%
S&P Consumer Staples Sector	872.55	887.78	-1.7%	887.78	-1.7%	762.32	14.5%	713.48	22.3%
S&P Energy Sector	690.91	676.47	2.1%	676.47	2.1%	640.05	7.9%	663.88	4.1%
S&P Financial Sector	775.66	754.16	2.9%	754.16	2.9%	626.35	23.8%	532.86	45.6%
S&P Health Care Sector	1731.52	1796.48	-3.6%	1796.48	-3.6%	1590.36	8.9%	1459.17	18.7%
S&P Industrials Sector	1144.70	1147.06	-0.2%	1147.06	-0.2%	964.73	18.7%	822.99	39.1%
S&P Information Technology Sector	4534.91	4403.72	3.0%	4403.72	3.0%	3397.16	33.5%	2837.05	59.8%
S&P Materials Sector	592.25	607.70	-2.5%	607.70	-2.5%	539.62	9.8%	472.11	25.4%
S&P Real Estate Sector	276.43	280.46	-1.4%	280.46	-1.4%	251.58	9.9%	206.09	34.1%
S&P Communications Sector	315.22	314.60	0.2%	314.60	0.2%	246.00	28.1%	212.77	48.2%
S&P Utilities Sector	408.22	410.28	-0.5%	410.28	-0.5%	321.92	26.8%	303.77	34.4%
S&P 500 Total Return	12717.34	12608.07	0.9%	12608.07	0.9%	10327.83	23.1%	8928.63	42.4%
3 month Treasury Bill Price	98.84	98.85	0.0%	98.85	0.0%	98.66	0.2%	98.63	0.2%
3 month Treasury Bill Total Return	254.81	253.94	0.3%	253.94	0.3%	243.98	4.4%	241.58	5.5%
10 Year Treasury Bond Future	111.06	114.28	-2.8%	114.28	-2.8%	112.89	-1.6%	106.34	4.4%
10 Year Treasury Note Total Return	298.25	305.92	-2.5%	305.92	-2.5%	294.12	1.4%	275.41	8.3%
iShares 20+ Year Treasury Bond ETF	92.14	98.10	-6.1%	98.10	-6.1%	98.88	-6.8%	84.73	8.7%
S&P Municipal Bond Total Return	277.43	280.82	-1.2%	280.82	-1.2%	272.94	1.6%	251.90	10.1%
iShares S&P National Municipal Bond NAV	106.90	108.52	-1.5%	108.52	-1.5%	108.42	-1.4%	101.11	5.7%
S&P 500 Investment Grade Corporate Bond Total Return	468.39	478.79	-2.2%	478.79	-2.2%	455.89	2.7%	415.31	12.8%
S&P Investment Grade Corporate Bond	91.48	93.58	-2.2%	93.58	-2.2%	91.76	-0.3%	84.80	7.9%
S&P Investment Grade Corporate Bond Total Return	498.45	508.34	-1.9%	508.34	-1.9%	482.66	3.3%	442.65	12.6%
SPDR Bloomberg High Yield Bond ETF	96.36	97.79	-1.5%	97.79	-1.5%	94.73	1.7%	88.76	8.6%
iShares iBoxx High Yield Corporate Bond ETF	79.28	80.30	-1.3%	80.30	-1.3%	77.39	2.4%	72.45	9.4%
Gold	2747.56	2634.58	4.3%	2634.58	4.3%	2062.98	33.2%	1984.71	38.4%
Bitcoin	66768.48	63785.09	4.7%	63785.09	4.7%	41935.34	59.2%	34191.55	95.3%

Source: Bloomberg, Sanctuary Wealth, October 25, 2024

Will The Market Get Spooked By Magnificent 7 Earnings, Inflation or Employment?

This week we can expect swings brought on by data, earnings and election nerves.

The markets this week have much economic data to digest, including October employment numbers and the all-important inflation gauge Core PCE (Core Personal Consumption Expenditures Price Index) Meanwhile, on the earnings front, many of the Magnificent 7 companies report this week, so expect some headlines there. With so much information to cull through and decipher this week, it would be natural for the market to maintain its high level of volatility.



Calendar

Mon.

Earnings: Camping World, Crane, Douglas Dynamics, SBA Communications, Waste Management*

Tue.

9:00 am S&P Case-Shiller home price index (20 cities)

10:00 am Consumer confidence, Job openings

Earnings: Comcast, Corning, ITT, McDonald's, Pfizer, Phillips 66, PJT Partners, Royal Caribbean, Sysco, Provident Financial Services, Unisys, Visa

Wed.

8:15 am ADP employment

8:30 am GDP, Advanced U.S. trade balance in goods, Advanced retail inventories, Advanced wholesale inventories

10:00 am Pending home sales

Earnings: Ares Capital, Bausch + Lomb, Caterpillar, Eli Lilly, Garmin, GlaxoSmithKline, MetaReynolds Consumer Products, AXIS Capital, DoorDash

Thu.

8:30 am Personal income, Personal spending, PCE Core, Initial jobless claims, U.S. employment cost index

9:45 am Chicago PMI

Earnings: Estee Lauder, Ferrari, Amazon.com, Hyatt Hotels, Apple, Sonoco Products

Fri.

8:30 am U.S. employment report

9:45 am S&P final U.S. manufacturing PMI

10:00 am Construction spending, ISM manufacturing

TBA Auto sales

Earnings: Ares Management, Cardinal Health, RBC Bearings, Wayfair

Source: MarketWatch/Kiplinger/CNBC

*Earnings reflect highlights

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