



Concenture Week Ahead

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 **January 6, 2025**

The Grinch Stole The Santa Claus Rally, But The Month Of January Is The Key To The Year

We wish everyone a very Happy New Year, but the equity market did not end or open on a happy note.

A correction began in December, as the market had gotten very overbought after rallying nearly 25%. So, the Santa Claus Rally (last 5 trading days of December and the first 2 trading days of January) never materialized. But this is not a bad omen. Historically, when the Santa rally does not happen the equity market still rallies in the new year (on average) nearly 6%. What holds more weight, however, is how the month of January performs. The old adage from the Yale Hirsch's The Stock Trader's Almanac, known as the January Barometer, says: "As goes January, so goes the market." The performance for the month of January has had some good predictive power of how the full year will go. Historically, when January is up, and we are in the first term of a President, the equity market has been up 18% (on average) and this has worked 90% of the time according to CFRA. While it won't be Trump's first term, it's not a consecutive second term, either. Since there is only one other time in history that this has happened (Grover Cleveland's non-consecutive terms, 1885-1889 and 1893-1897), we are treating Trump's return to the Presidency as a first term. So, what can the equity market look like January? Here's our thinking:

Equity Markets Oversold With Buy Signals

The S&P 500 and Nasdaq 100 are oversold based on the 14-day Stochastic as the equity market began a correction in December. We also have buy signals: The McClellan Oscillator, which is a measure of the breadth of the market, generates a buy signal at -200 and we reached this level in December; the indicator has since rallied as the breadth of the market stopped deteriorating. The CBOE Volatility Index (VIX) also reached a buy signal in December, when it moved near 30 on the sell-off in December as investors showed fear. (Note: a move above 20 gives a buy signal.) Another fear gauge indicator is the CBOE Equity Put/Call Ratio, which recently spiked – showing investors' fear – as they are buying more puts than calls. Puts are options to sell, and calls are options to buy. We believe stocks are still a good buying opportunity with our target for the S&P 500 in the range of 7200-7400.

S&P 500 With 14-Day Stochastic In Oversold Territory





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Nasdaq 100 With 14-Day Stochastic In Oversold Territory



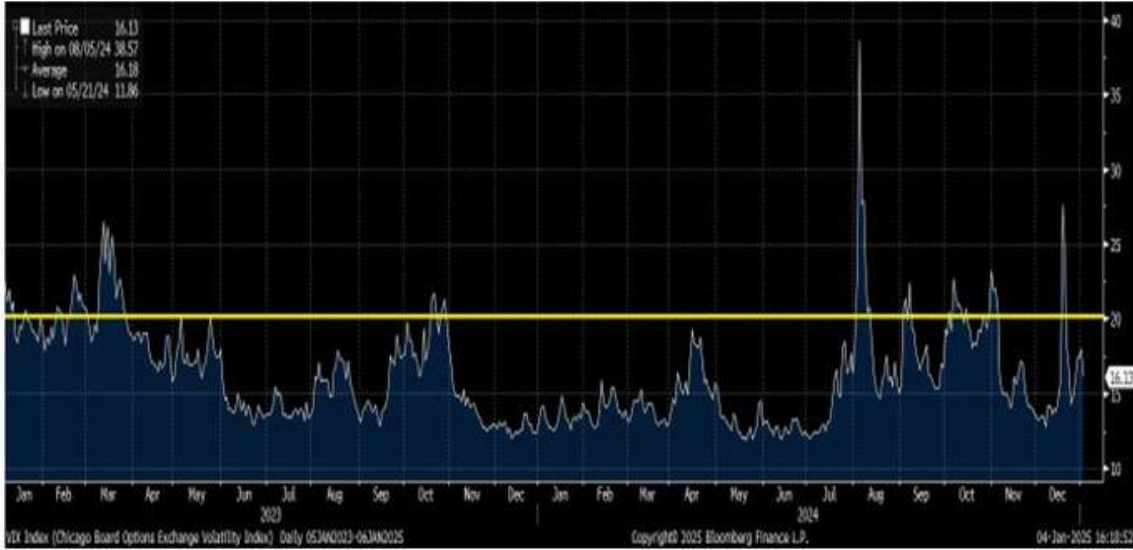
McClellan Oscillator With Buy Signal



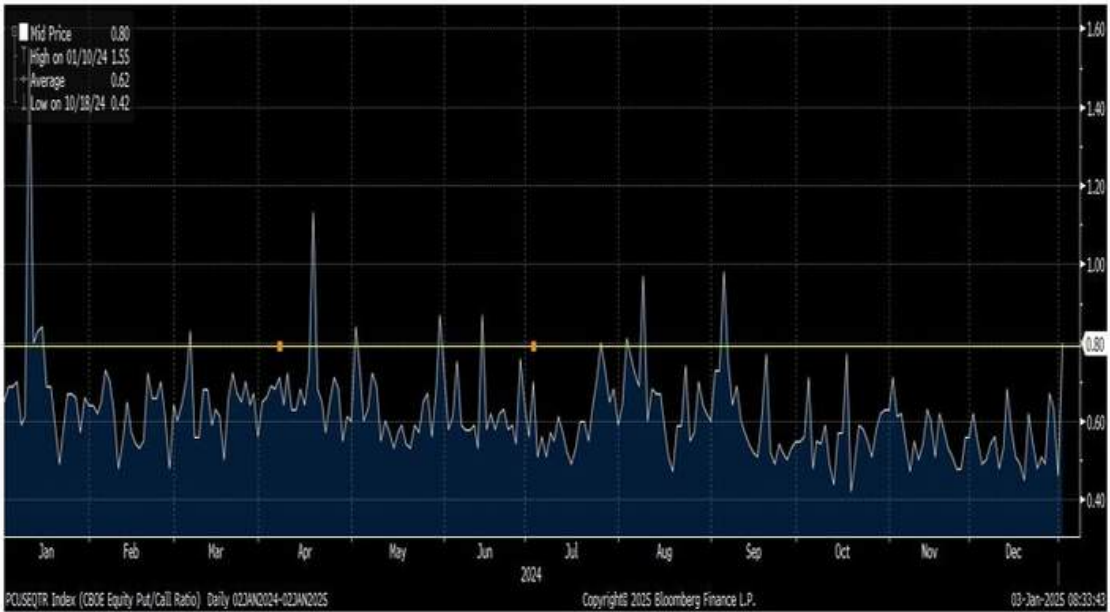


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CBOE Volatility Index (VIX) With Buy Signal Above 20 In December



CBOE Equity Put/Call Ratio Spikes To Buy Zone



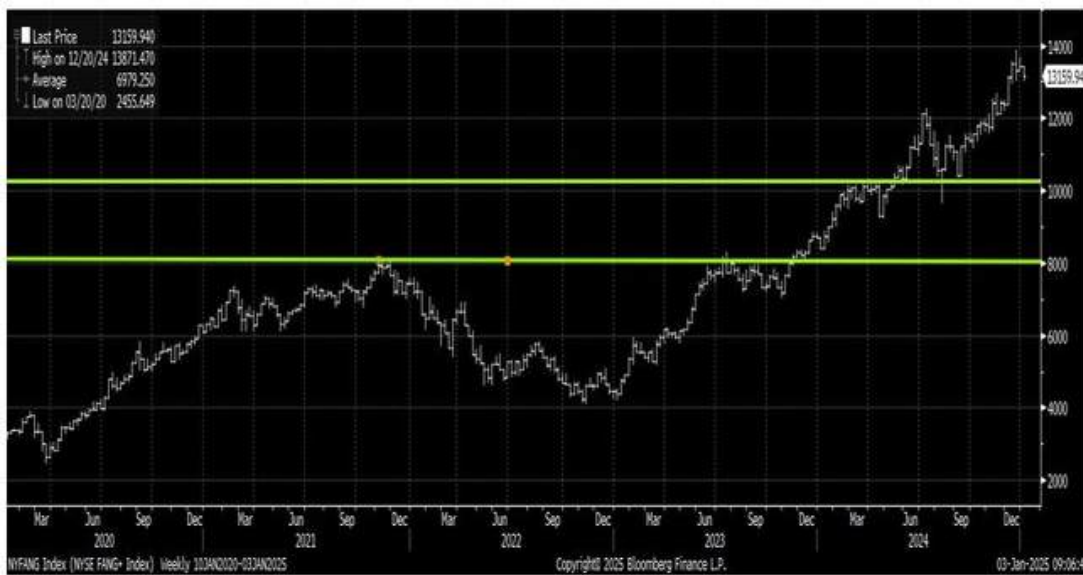


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Tech And Tech-Related Companies Remain The Market Leader

Tech and Tech-Related companies were the leaders last year, outperforming the equity market sharply, with returns well above 30%. With such strong gains the past two years and the stocks not cheap, why would we remain so bullish? First, this is where the strong earnings are still coming from. Second, Artificial Intelligence (AI) is still in its infancy and is expected to continue to drive earnings. And lastly, productivity gains are also in their infancy. This is the fundamental backdrop, so now we look at the technicals. The NYSE FANG+ Index, (a broader measure of tech companies than the Magnificent 7), has no major top, indicating the stocks will either fall or lag behind. In fact, we have the complete opposite. We are in the early stages of a multi-year breakout, which points to sustainable future gains in these companies, and that the sector remains the leadership of the market.

NYSE FANG+ Index Major Base Breakout – Leadership



Software Joining The Leadership In Technology

There is a cycle to Technology where Semiconductors and Hardware have a bull cycle, and this is then joined by Software. The iShares Tech-Software ETF (IGV) has had a significant breakout pointing to the industry in the early stages of a significant bull market rally. The stock in the ETF that is also enjoying a major leadership breakout is Salesforce (CRM).CRM).

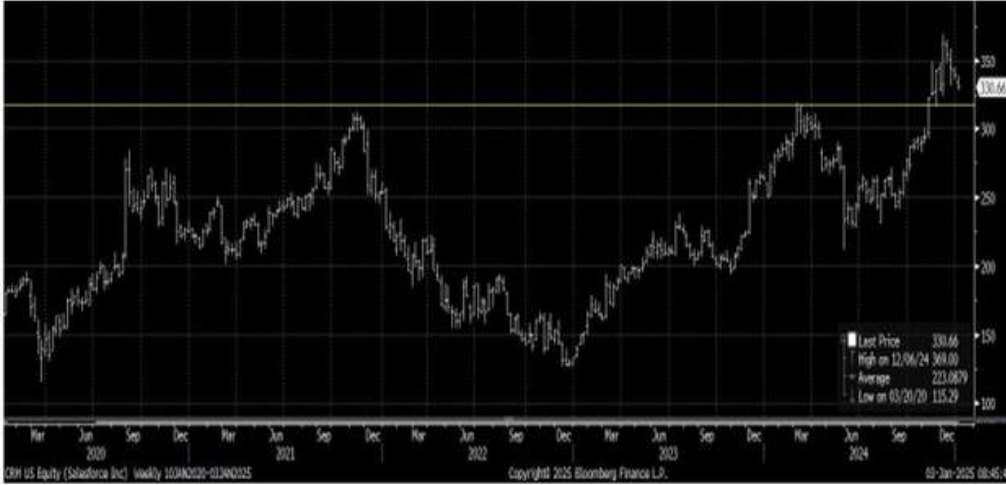
iShares Tech-Software ETF (IGV): Software New Leader In 2025





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Salesforce (CRM) Software Leader With Multi-Year Breakout!



M&A And IPOs Expected To Pick Up In 2025

The new Trump administration is expected to favor deregulation, leading to a more attractive M&A and IPO cycle. In December, PwC published its 2025 M&A report titled:

US Deals 2025 outlook

M&A recovery ready to shift into higher gear

It opened with a summary of its M&A outlook for 2025, stating in part:

“After a year of inconsistent recovery, US mergers and acquisitions activity is poised to gain momentum in 2025 due to declining interest rates, large amounts of dry powder, the need for business model reinvention and shifting regulatory priorities.”

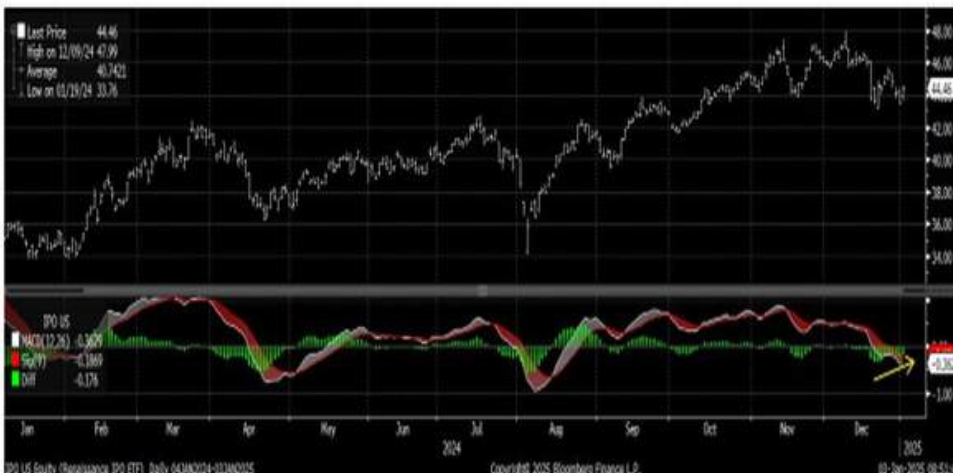
PwC went on to say:

“Stock prices of this year’s traditional IPOs were up nearly 29%, outperforming the S&P 500, which rose by 26% over the year as of November 29 — further highlighting the strength and investor interest in new offerings.”

Renaissance IPO ETF Pointing To A New Cycle In IPOs In 2025

To support this more favorable outlook, the Renaissance IPO ETF (IPO) has had a significant breakout. But looking short-term, the ETF has pulled back during the recent correction and looks to be bottoming – the MACD (Moving Average Convergence Divergence) indicator supports this view. We believe the Renaissance IPO ETF indicates that we are in the early stage of a pick-up for IPOs in 2025.

Renaissance IPO ETF (IPO) With Daily MACD Showing Momentum Bottoming





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Yields Rallied But Now At Resistance & Could Fall, Supporting A Stock Rally

The 2- and 10-Year Treasury yields have rallied but have hit resistance and are respecting these levels. This indicates that rates are stable to down in the near-term. The 2-Year yield has respected resistance at 4.3% and has been falling since. The 14-day Stochastic is showing that price momentum is also pointing to a weakening, which in turn supports lower rates. This would support an equity market rally.

As for the 10-Year Treasury yield, it is respecting resistance at the 4.6% level and appears to be falling near-term. The 14-day Stochastic appears to have peaked and is declining, suggesting rates could fall near-term, possibly to 4.4%. This would also support a stock market rally. Economic data can bring volatility to the 10-year. Should we be wrong and the 10-year breaks above 4.6%, the risk is a move to 5%. The 10-year is in a Bull/Bear battle. We did highlight in our 2025 Year Ahead Report the risk this year is that the 10-year rate can back up near 5%. In our view, this would create some bucking of the Bull for stocks, but we don't expect it to derail the charging Bull in 2025.

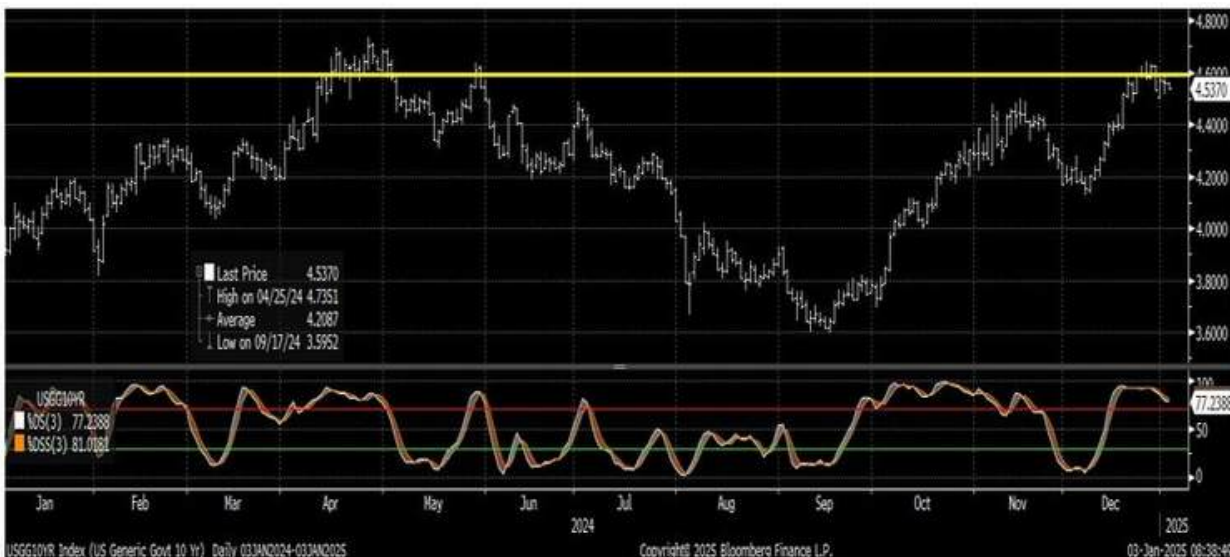
2-Year Treasury Yield Respecting Resistance – Rates Stable to Falling

14-Day Stochastic Also Falling, Supporting Lower Yields



10-Year Treasury Yields Respecting 4.6% Resistance

14-Day Stochastic Also Falling, Supporting Lower Yields





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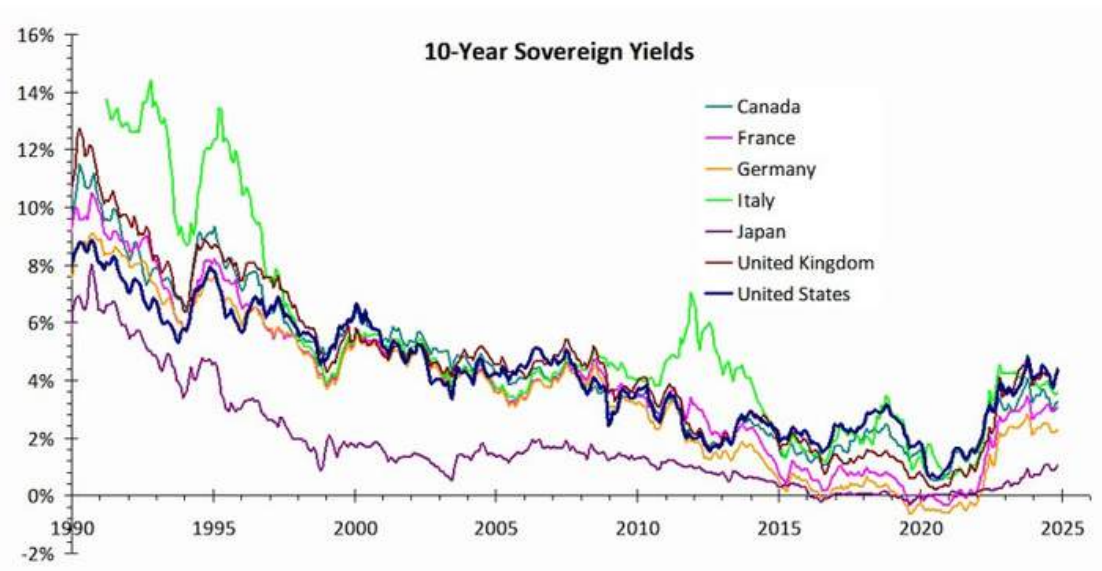
U.S. Rates Remain Globally High, Supporting A U.S. Dollar Breaking To The Upside

The U.S. has the strongest developed economy in the world, is the technology center of the world and has one of highest G7 10-year sovereign interest rate. This is attracting capital to the U.S., resulting in the U.S. Dollar breaking out to the upside. This breakout supports a test of the highs near 115 on the Dollar index.

US Dollar With Significant Breakout, Pointing To Continued Strength

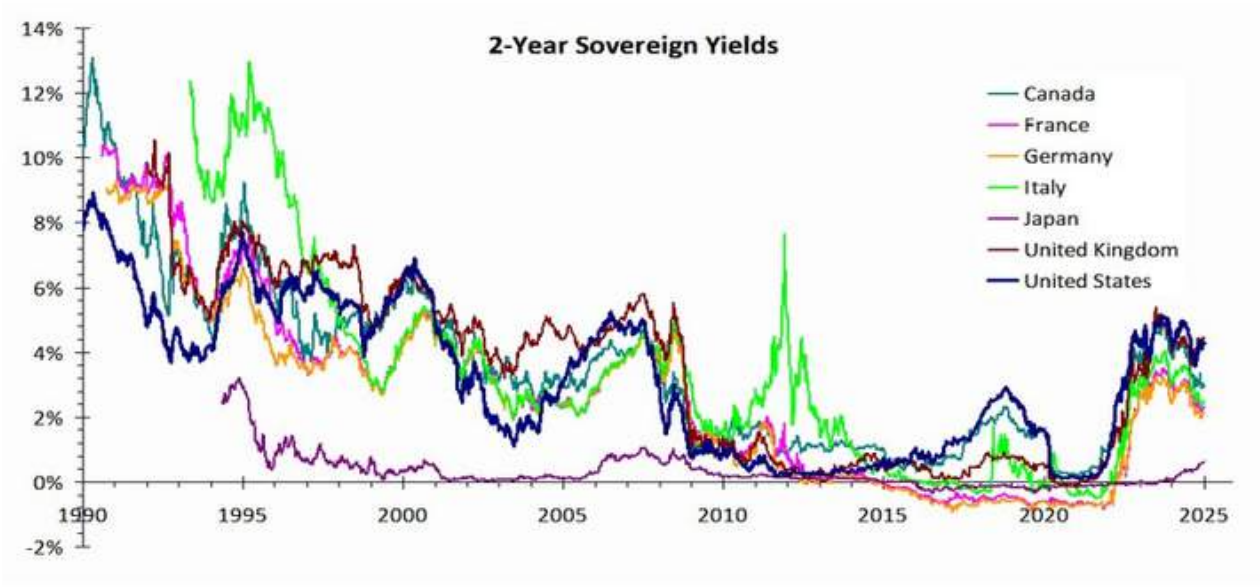


U.S. With High G7 10- and 2- Year Sovereign Yields





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Source: Bloomberg, Sanctuary Wealth, January 3, 2025

With A Cold Winter Upon Us, Energy is Moving

WTI Crude Oil is rallying but has strong resistance near \$75. If this does break above resistance, expect a move near \$80. But the area within the energy complex that warrants attention is Natural Gas. Natural Gas is attempting a multi-year breakout. If successful, the price can rally sharply near \$6.00. Natural gas stocks are performing very well. Cheniere Energy (LNG) is a leader in the industry.

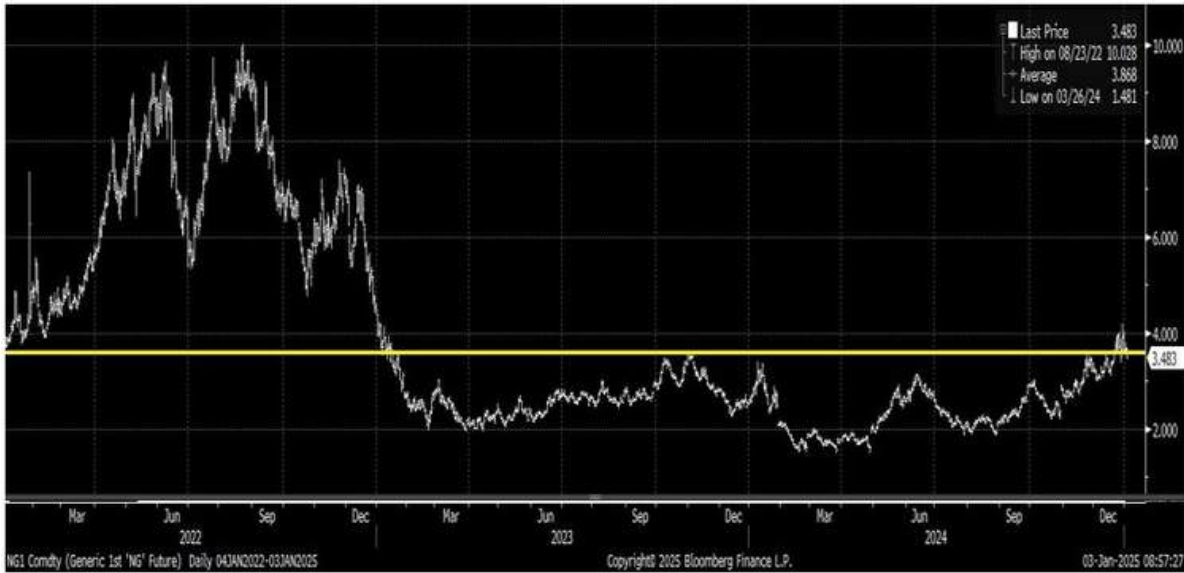
WTI Crude Oil Rallying But Faces Resistance Near \$75





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Natural Gas – Attempting A Major Breakout, So Need To Watch



Cheniere Energy (LNG) With Major Upside Breakout Making It A Leader In Energy



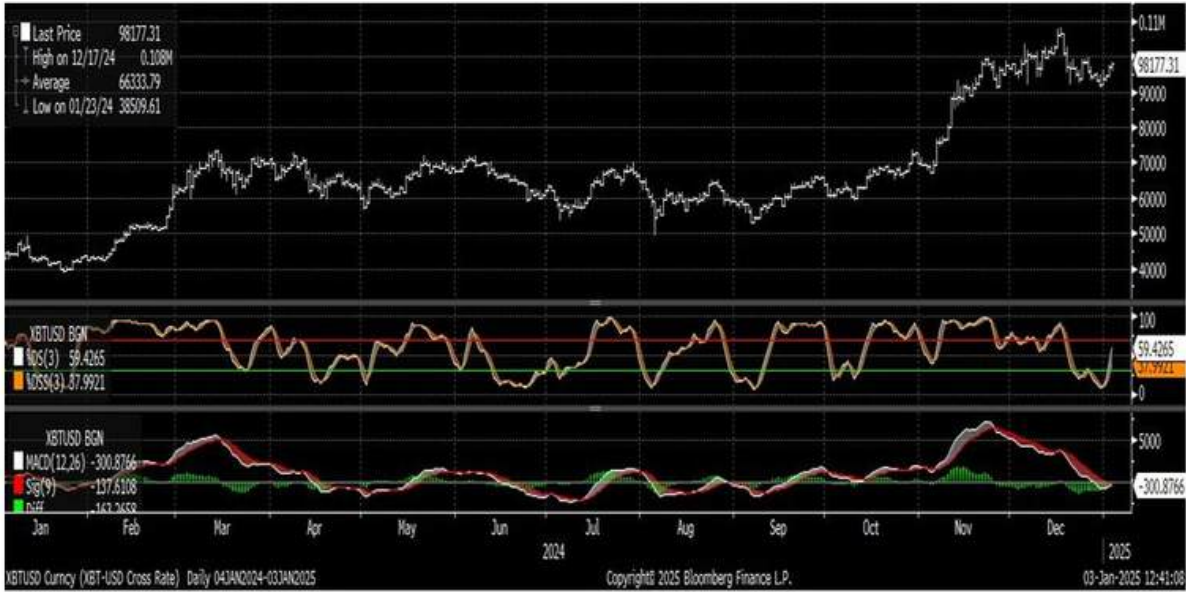


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Bitcoin Held Support At \$90,000 & Technicals Signaling Bottom

Bitcoin (BTC) had a significant technical breakout and then went into a high-level consolidation. Both the Stochastic and MACD daily price momentum indicators are pointing to a bottom in the token. Technical measured moves suggest BTC can rally to \$113,000-\$150,000.

Bitcoin With 14-Day Stochastic And MACD Signaling A Bottom

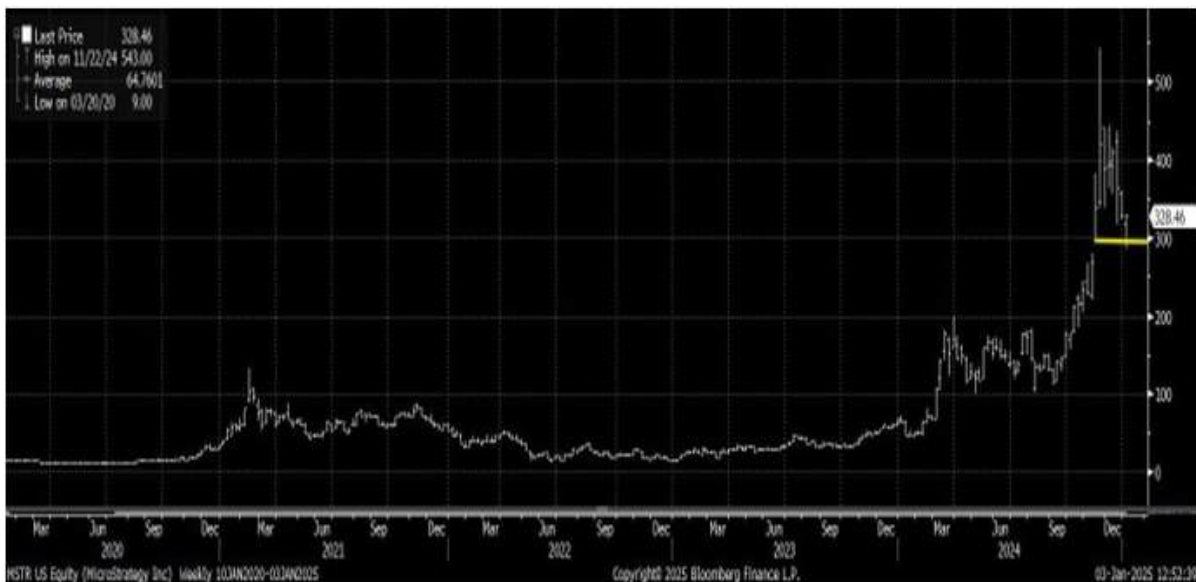


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MicroStrategy: A Leveraged Investment To Bitcoin

MicroStrategy (MSTR) is heavily leveraged to Bitcoin, owning approximately 1.5% of the outstanding BTC tokens. The stock has had a multi-year breakout and is now in a high level consolidation. We believe this is in a buy zone. But a warning to investors that this is an extremely volatile stock as it is leveraged to BTC.

MicroStrategy (MSTR) Held Support At \$300





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Market Performance

	Last 1/3/2025	Month End 12/31/2024	Month to Date	Quarter End 12/31/2024	Quarter to Date	Year End 12/31/2024	Year to Date	Year Ago 1/4/2024	Year To Year
S&P 500	5942.47	5881.63	1.0%	5881.63	1.0%	5881.63	1.0%	4688.68	26.7%
NASDAQ Composite	19621.68	19310.79	1.6%	19310.79	1.6%	19310.79	1.6%	14510.30	35.2%
NASDAQ 100	518.58	511.23	1.4%	511.23	1.4%	511.23	1.4%	396.28	30.9%
Russell 2000	2268.47	2230.16	1.7%	2230.16	1.7%	2230.16	1.7%	1957.73	15.9%
S&P Consumer Discretionary Sector	1851.81	1831.16	1.1%	1831.16	1.1%	1831.16	1.1%	1365.24	35.6%
S&P Consumer Staples Sector	850.85	853.65	-0.3%	853.65	-0.3%	853.65	-0.3%	764.40	11.3%
S&P Energy Sector	667.60	654.85	1.9%	654.85	1.9%	654.85	1.9%	646.81	3.2%
S&P Financial Sector	809.11	804.44	0.6%	804.44	0.6%	804.44	0.6%	625.14	29.4%
S&P Health Care Sector	1620.82	1604.75	1.0%	1604.75	1.0%	1604.75	1.0%	1623.72	-0.2%
S&P Industrials Sector	1123.87	1115.65	0.7%	1115.65	0.7%	1115.65	0.7%	942.06	19.3%
S&P Information Technology Sector	4674.78	4609.52	1.4%	4609.52	1.4%	4609.52	1.4%	3254.64	43.6%
S&P Materials Sector	523.89	529.77	-1.1%	529.77	-1.1%	529.77	-1.1%	530.82	-1.3%
S&P Real Estate Sector	256.79	255.92	0.3%	255.92	0.3%	255.92	0.3%	247.28	3.8%
S&P Communications Sector	346.58	341.66	1.4%	341.66	1.4%	341.66	1.4%	242.32	43.0%
S&P Utilities Sector	392.03	384.95	1.8%	384.95	1.8%	384.95	1.8%	326.58	20.0%
S&P 500 Total Return	13046.89	12911.82	1.0%	12911.82	1.0%	12911.82	1.0%	10154.20	28.5%
3 month Treasury Bill Price	98.92	98.92	0.0%	98.92	0.0%	98.92	0.0%	98.65	0.3%
3 month Treasury Bill Total Return	257.08	256.97	0.0%	256.97	0.0%	256.97	0.0%	244.09	5.3%
10 Year Treasury Bond Future	108.64	108.75	-0.1%	108.75	-0.1%	108.75	-0.1%	111.98	-3.0%
10 Year Treasury Note Total Return	293.75	293.94	-0.1%	293.94	-0.1%	293.94	-0.1%	292.02	0.6%
iShares 20+ Year Treasury Bond ETF	87.29	87.33	0.0%	87.33	0.0%	87.33	0.0%	97.22	-10.2%
S&P Municipal Bond Total Return	278.67	278.14	0.2%	278.14	0.2%	278.14	0.2%	272.90	2.1%
iShares S&P National Municipal Bond NAV	106.59	106.40	0.2%	106.40	0.2%	106.40	0.2%	108.44	-1.7%
S&P 500 Investment Grade Corporate Bond Total Return	464.43	465.24	-0.2%	465.24	-0.2%	465.24	-0.2%	450.62	3.1%
S&P Investment Grade Corporate Bond	90.13	90.28	-0.2%	90.28	-0.2%	90.28	-0.2%	90.79	-0.7%
S&P Investment Grade Corporate Bond Total Return	495.18	495.89	-0.1%	495.89	-0.1%	495.89	-0.1%	477.76	3.6%
SPDR Bloomberg High Yield Bond ETF	95.95	95.47	0.5%	95.47	0.5%	95.47	0.5%	93.76	2.3%
iShares iBoxx High Yield Corporate Bond ETF	78.96	78.65	0.4%	78.65	0.4%	78.65	0.4%	76.62	3.1%
Gold	2640.22	2624.50	0.6%	2624.50	0.6%	2624.50	0.6%	2043.65	29.2%
Bitcoin	98243.40	93714.04	4.8%	93714.04	4.8%	93714.04	4.8%	44488.33	120.8%

Source: Bloomberg, Sanctuary Wealth, January 3, 2025

Employment & FOMC Meeting Minutes To Take Center Stage

This week marks a fresh start for the markets, but their focus will remain squarely on jobs, jobs, jobs.

With the Federal Reserve (Fed) focused on the state of the jobs market, what will be important this week will be the release of the November JOLTs (Job Openings and Labor Turnover Survey) and the December ADP reports — the bond market often moves on this data! Then we'll be getting the December employment report. So, jobs remain top of mind for policymakers and investors alike. Meanwhile, the market will also focus on the release of the December FOMC (Federal Open Market Committee) meeting minutes. In this critical meeting, the Fed pivoted to slowing its pace of rate cuts for 2025. The minutes should reveal more details on the thinking behind the announcement.



Calendar

- Mon.** 9:45 am S&P final U.S. services PMI
10:00 am Factory orders
Earnings: Commercial Metals
- Tue.** 8:00 am Richmond Fed President Tom Barkin speaks
8:30 am U.S. trade deficit
10:00 am ISM services, Job openings
Earnings: RPM Inc, Cal-Maine Foods
- Wed.** 8:15 am ADP employment
2:00 pm Minutes of Fed's December FOMC meeting
3:00 pm Consumer credit
Earnings: UniFirst, Greenbrier, Jefferies
- Thu.** 8:30 am Initial jobless claims
10:00 am Wholesale inventories
Earnings: KB Home, PriceSmart
The stock market will be closed on Thursday, January 9, in observance of a national day of mourning and state funeral for former President Jimmy Carter. The bond market will close at 2 pm Eastern Standard Time.
- Fri.** 8:30 am U.S. employment report, U.S. unemployment rate
10:00 am Consumer sentiment (prelim)
Earnings: Delta Air Lines, Walgreens Boots Alliance, Constellation Brands

*Earnings reflect highlights
Source: CNBC, Kiplinger's, MarketWatch

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