



CONCENTURE
WEALTH
MANAGEMENT

Week Ahead

March 17, 2025

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 March 17, 2025

"There Is Nothing To Fear But Fear Itself" A phrase from the 1933 inaugural address of President Franklin D. Roosevelt

With all the chaos created by Musk's DOGE (Department of Government Efficiency) and Trump's on-again, off-again, on-again tariffs, the equity market has been falling sharply and quickly. Why is this?

Wall Street thought it had a "Trump put," meaning that he would intervene to support or stabilize the markets during significant downturns – because it was assumed (based on past comments and behavior) that he would judge his own performance by how the equity market performed. But with the recent comments coming from President Trump and members of his administration, the market is no longer certain about what he will or won't do. In an interview on Fox & Friends on March 4, Treasury Secretary Bessent said, "We're focused on ... Main Street. ... Wall Street can continue to do fine, but we have a focus on small business and the consumers. So, we are going to rebalance the economy. We're going to bring manufacturing jobs home." In an interview on CNBC on March 13, Bessent said, "We're focused on the real economy... I'm not concerned about a little bit of [market] volatility over three weeks." And on March 9th, during an interview on Fox News' "Sunday Morning Futures," President Trump told Maria Bartiromo, "There is a period of transition because what we're doing is very big, ... but I think it should be great for us."

We do not believe the markets have had to face so much change and action from the government over such a short period of time since FDR's Administration averaged 300 executive orders a year. What's happening now in Washington is creating heightened concerns and fears among investors – from Main Street to Wall Street. Markets know how to price risk, but pricing uncertainty is very difficult. Uncertainty also impacts consumers and businesses. They tend to hold back spending and hiring and this has further created fears of a recession. The U.S. economy is large and does not change very quickly. In our view, fears of a recession at this time are overblown. But a slowdown in the economy is likely – and a slowdown is now most likely priced into the S&P 500 with its 10% correction. Remember: the equity market discounts 6 months in advance.

The Bucking Bull Is Refusing To Be Corralled

We expect markets to remain volatile, likely through 2Q25 or at least until there is more clarity on the programs being implemented in Washington. As we have said, it is not uncommon to have one 10% correction in a year – but corrections can overshoot. Since 1990, the average correction has been 12.50%. Once stocks make a low, they are often tested, and then there is a period of healing when markets trade within a range. *Having patience and investing over the long term will be the biggest winner during this period, in our view.*

Support Levels For S&P 500

The S&P 500 hit a support zone near 5500 – a level which we expect will be tested. Should this level not hold, the next support levels are 5400-5200. Investors with cash should consider dollar cost averaging (i.e., buying over a period of time) back into the equity market as we maintain our thesis of a secular bull market. We maintain that Technology and Tech-related companies are the leaders of this secular bull market. Their valuations have contracted significantly, and we believe the long-term investor will be rewarded.



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Consumers Are Losing Confidence – This Can Impact Spending Habits



Source: Conference Board, Sanctuary Wealth, March 14, 2025



Source: University of Michigan, Sanctuary Wealth, March 14, 2025

Earnings Estimates Are Changing

According to Bloomberg, industry analyst estimates (known as bottom-up estimates) for all of 2025 have risen over the past few weeks. But according to FactSet, analysts' bottom-up estimates for 1Q25 have decreased more than would usually be expected – but they are still rising for the calendar year. How do we resolve such a dilemma? Near-term weakness is being forecast into the earnings, but longer-term strength is expected back. The S&P 500 is also responding to the changes in these earnings estimates, so this data should be priced into the market. In April, when we get first quarter earnings reports for 2025, it will be important to see corporate messaging on the outlook for the remainder of the year and how analysts adjust their estimates accordingly.



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According To Bloomberg, Full-Year 2025 Estimates Are Rising



Source: Bloomberg, Sanctuary Wealth, March 13, 2025

FactSet Says Analysts Are Making Unusual Cuts For First Quarter Earnings

≡ FACTSET insight

ANALYSTS MAKING LARGER CUTS THAN AVERAGE TO EPS ESTIMATES FOR S&P 500 COMPANIES FOR Q1

By John Butters | February 28, 2025

Valuations Have Improved Significantly With The P/E Falling To 20x

Valuations using the price-earnings ratio have improved significantly, falling from 25x to 20x. Remember: if the Federal Reserve (Fed) lowers interest rates and stops Quantitative Tightening (QT), this stimulative environment should support the price-earnings ratio at this level.



Source: Bloomberg, Sanctuary Wealth, March 13, 2025



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Source: Bloomberg, Sanctuary Wealth, March 13, 2025

Analysts Are Lowering Their 2025 S&P 500 Targets – Contrarian Bullish

Last week, two Wall Street analysts cut their S&P 500 targets for 2025. On Tuesday, Goldman Sachs reduced its target by - 4.6%. On Thursday, well-known economist and investment strategist Ed Yardeni cut his target by - 10%. Both analysts cited tariffs and cuts in the government workforce as reasons for their reassessments. This is a contrarian bullish signal. This should also help the Bank of America Sell Side Sentiment Indicator improve. The current reading suggests the S&P 500 would be up 11% over a 12-month timeframe. (See the March 10 issue of Sanctuary Week Ahead.)

Reuters

Goldman Sachs lowers S&P 500 year-end target to 6,200

March 11, 2025 11:30 PM CDT

≡ yahoo!finance

Wall Street Bull Turns Cautious: Ed Yardeni Cuts S&P 500 Target As Trump's Tariffs Threaten Stagflation

Piero Cingari
Thu, Mar 13, 2025, 9:30 PM • 4 min read

How Do Interest Rates Look?

Yields on the 2-Year Treasury remain in a downtrend but are now oversold after falling sharply, and we have a 14-Day stochastic buy signal. Near-term, the rate can rise to 4.3%, but we expect the trend to remain down. The 10-Year Treasury yield also has a buy signal calling for a firming of the rate. Look for a possible test of 4.4%. We expect this rate to remain volatile and in a trading range of 4.0%-5.0%. Rates are clearly not pricing in a recession if they trade this way. Also, inflation expectations are falling when we look at the 5-Year Breakevens. Inflation expectations eased last week on the Consumer Price Index (CPI) and Producer Price Index (PPI) reports coming in better than expected.

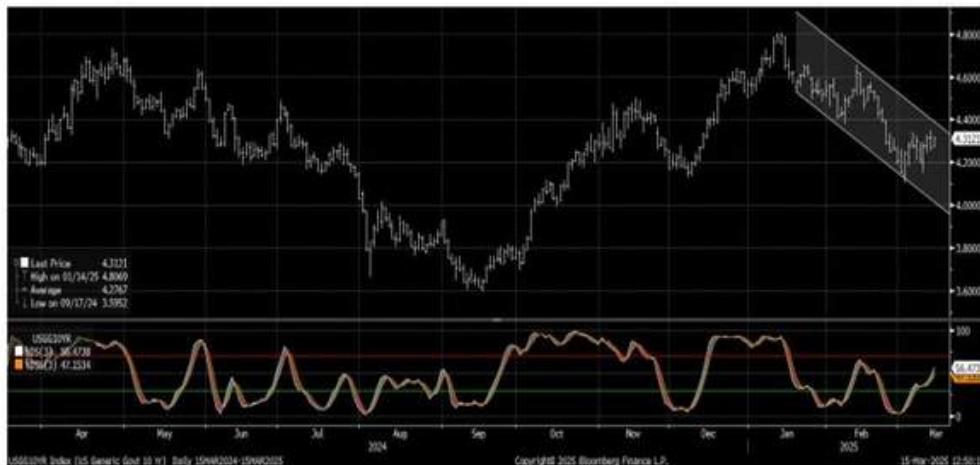


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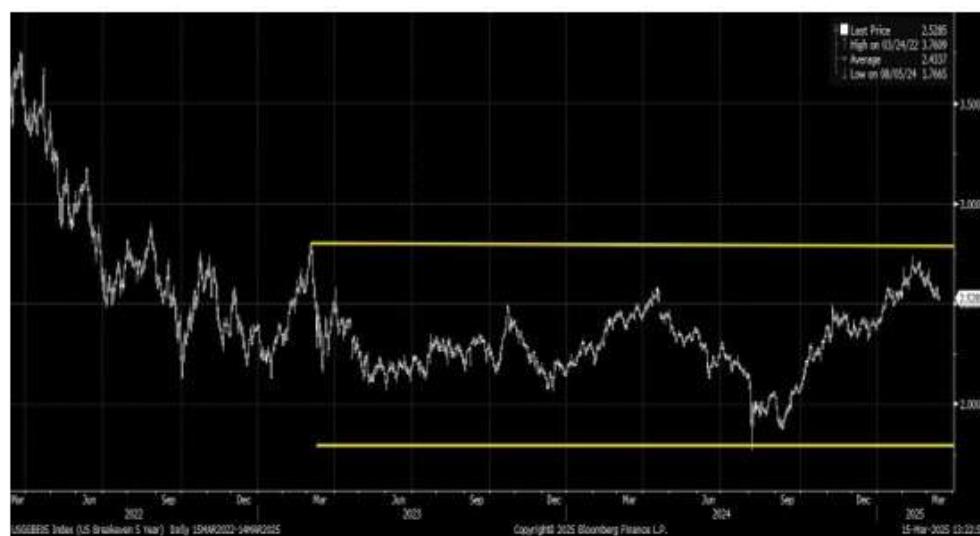
2-Year Treasury Yield With 14-Day Stochastic On A Buy Signal Pointing To Rates Rallying



10-Year Treasury Yield With 14-Day Stochastic On A Buy Signal: May Test 4.4%



5-Year Breakevens Remain In Trading Range And Fall On Inflation Data Easing Expectations





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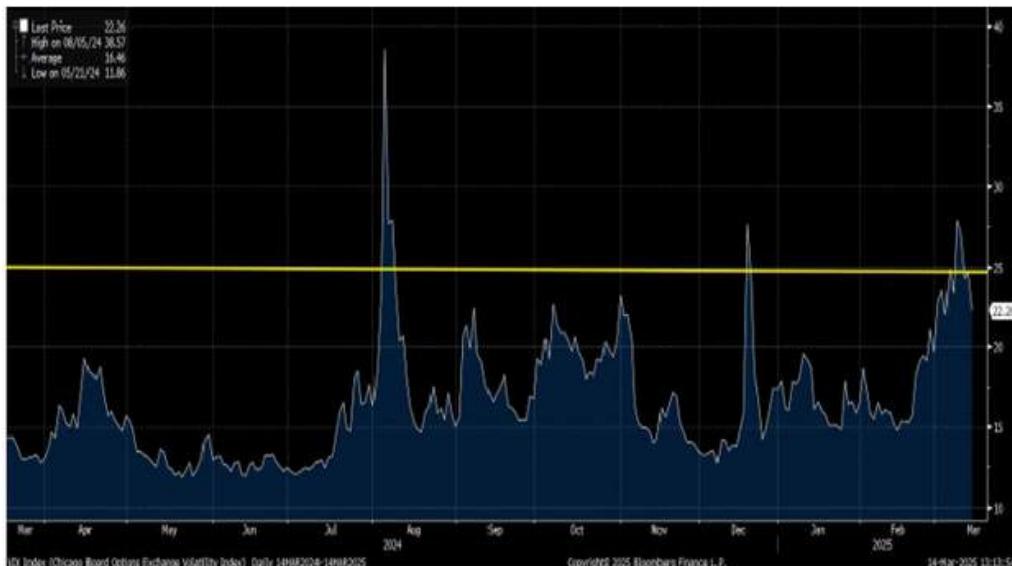
Why Do We Remain Bullish?

Despite all the DOGE layoffs, the threat of tariffs that seem to change or magnify daily, and all the uncertainties driving consumers and businesses to the sidelines, we have strong buy signals from indicators, sentiment readings and, most importantly, from last Friday's volume surge on buying. The volume on that rally was very strong, with 91% of the volume on the upside. This is a key to finding a bottom in the market and we got it! But remember, lows get tested and lows can be undercut, but we believe we remain in a good buying zone for investors who are holding cash. We would dollar cost average into the equity market (i.e., buy periodically).

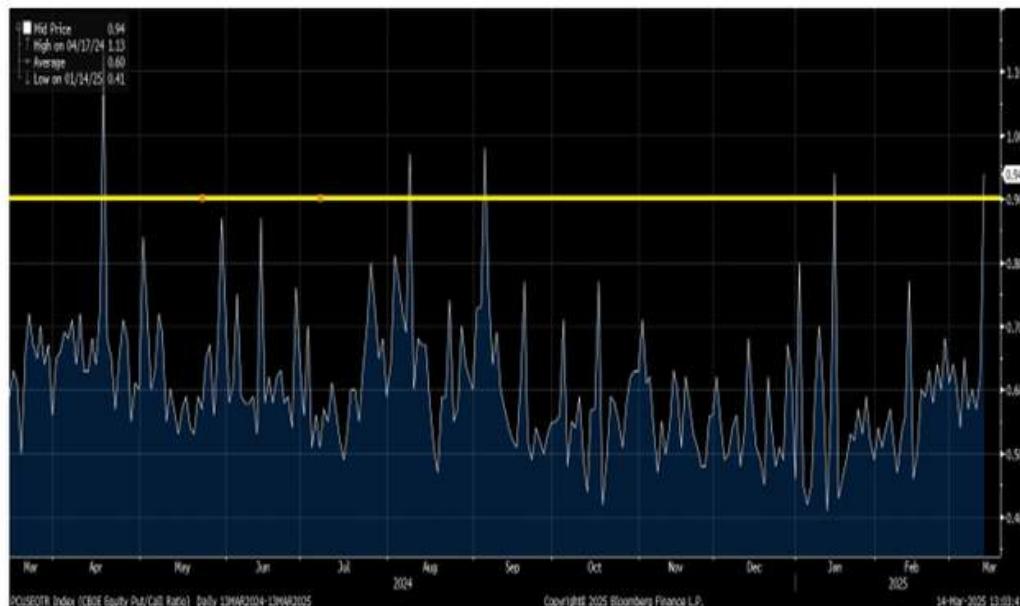
In addition, all of the technical patterns for the long-term leadership in the market have strong bullish patterns and are into the buy zone. We have Semiconductors, Software and Growth (vs. Value) all remaining in a strong technical base pattern – and just testing levels, in our view. We don't have any major tops being broken to the downside. We strongly believe that, over the next 12 months, the equity market will be at new highs. This is also supported by a lower interest rate environment and a sound financial system.

Panic/Fear Has Been Reached In VIX And Put/Call Ratio VIX Volatility Reaches 30

Showing Panic – A Contrarian Buy Reading



Equity Put/Call Ratio Spikes Above 0.90 Showing Excessive Put Buying: In The Buy Zone



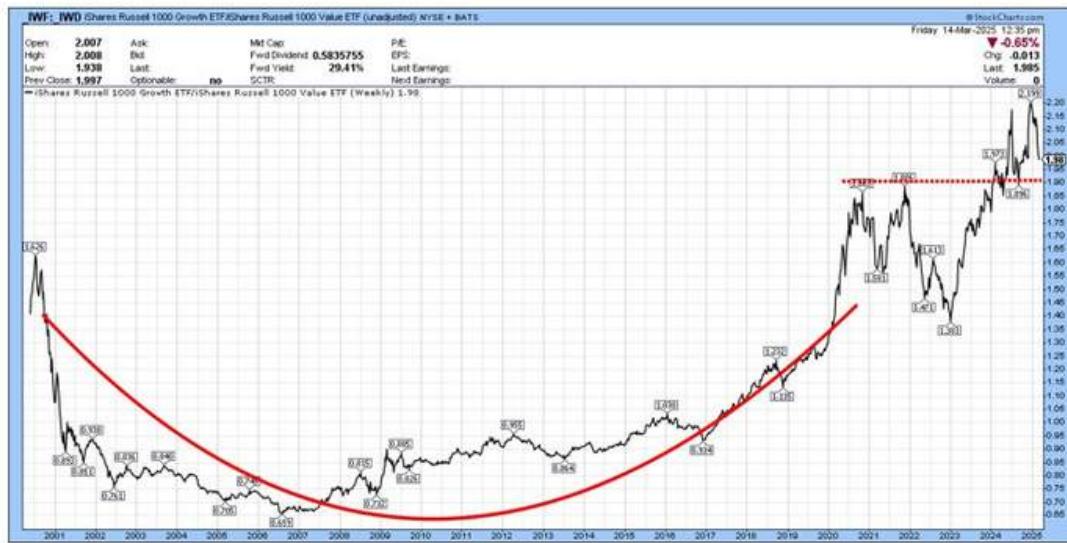


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S&P 500 Advance-Decline Shows Rotation Not A Breakdown



Growth & Value: Growth Consolidating With Bullish Trend Intact





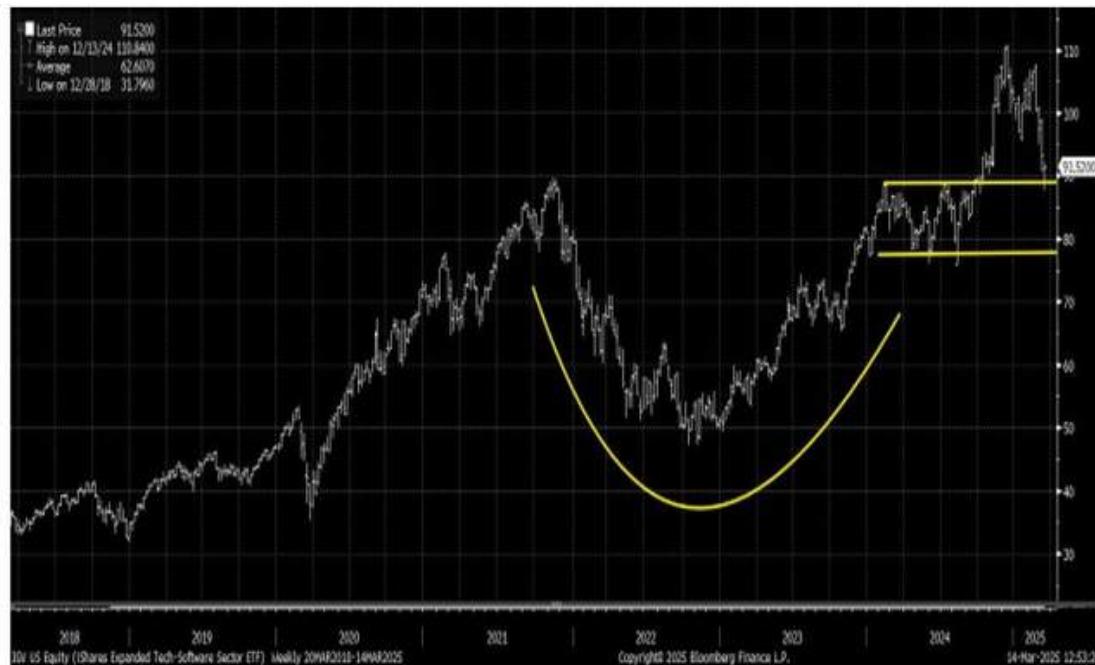
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Leadership Of Technology Remains Intact

Van Eck Semiconductor ETF (SMH): Bullish Long-Term Cup & Handle



iShares Tech-Software ETF (IGV) Bullish Cup & Handle With Test Of Breakout



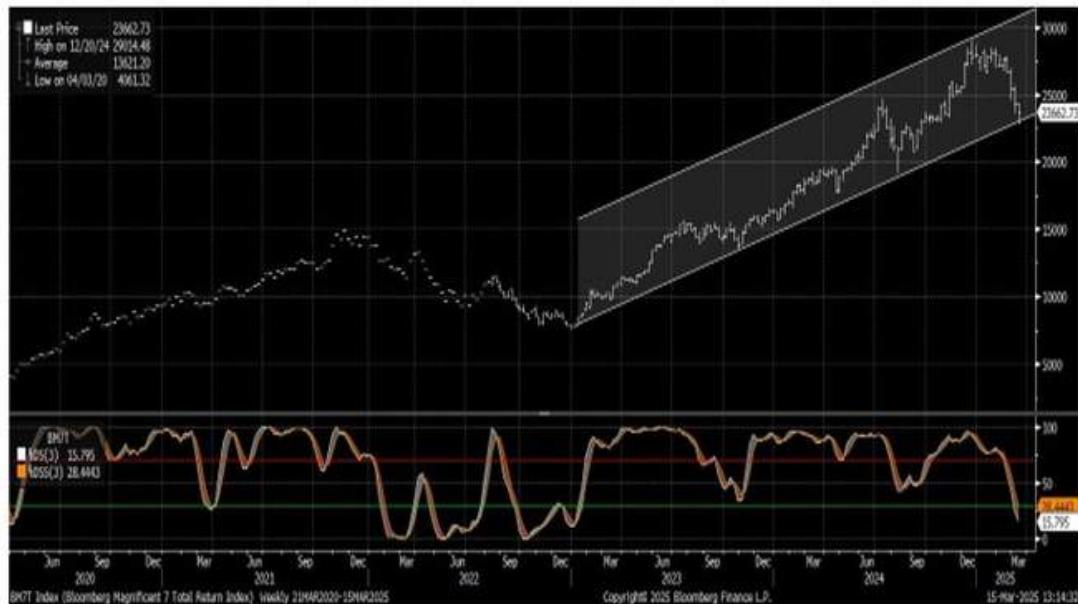


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The Magnificent 7 Nearly Oversold & Holding Support

The leadership of the Magnificent 7 (Mag 7), have corrected sharply and are holding channel support levels and have nearly reached a weekly stochastic oversold reading. We believe these are attractive levels to dollar cost average into the Mag 7 stocks.

Magnificent 7 With 14-Week Stochastic Nearly Oversold



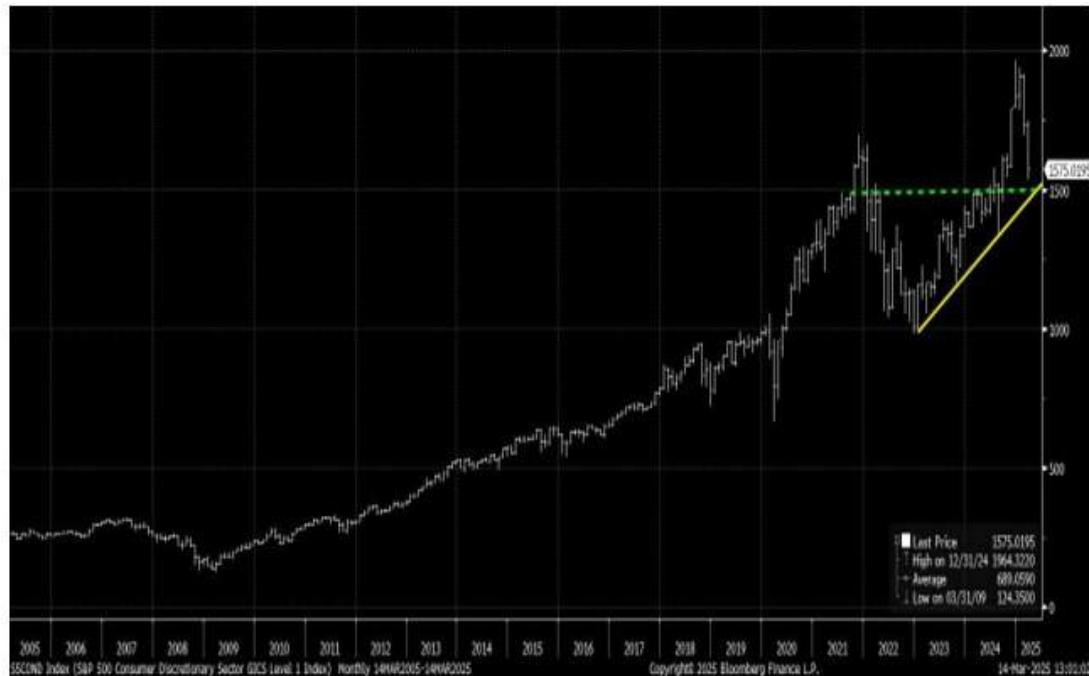
Consumer Discretionary vs. Consumer Staples: Trend Still Favors Discretionary



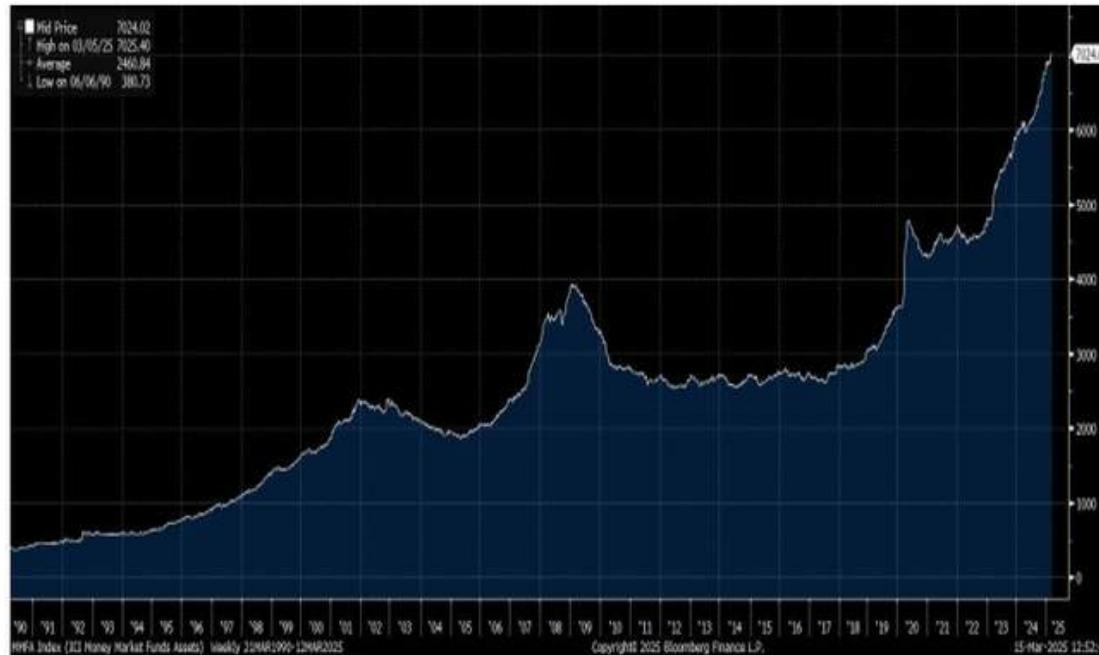


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Consumer Discretionary Uptrend Remains Intact – Reaching Buy Zone



The Money Mountain Continues Rise, Reaching \$7 Trillion



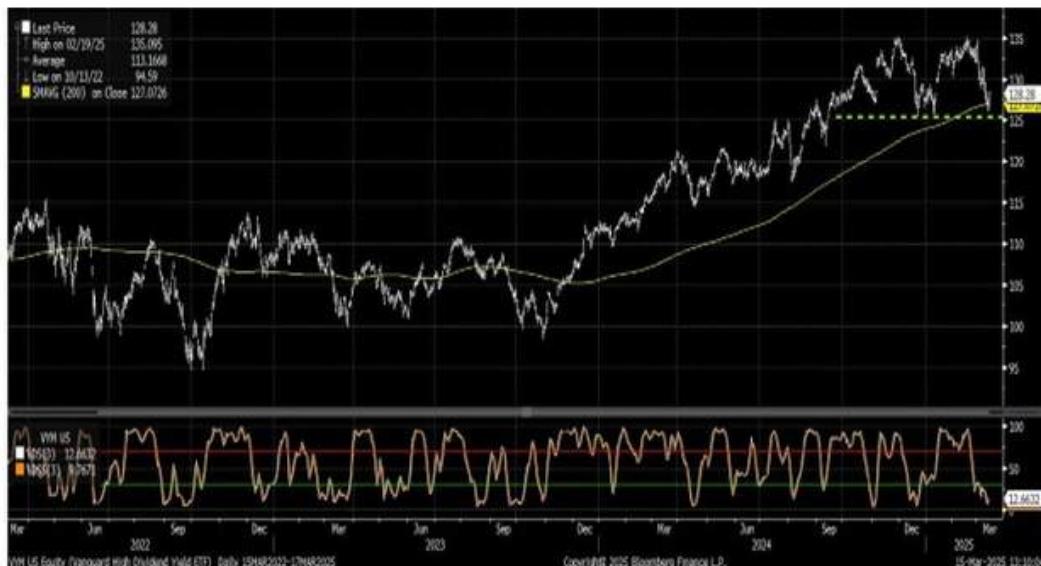


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For Investors Who Want To Be Conservative But Have Equity Exposure: Look At Dividends

High dividend yielding equities are attractive at current levels, in our view. Looking at the Vanguard High Dividend Yield ETF (VYM), we see a good oversold reading on the 14-Day stochastic, and support levels are holding near the 200-day moving average and previous lows.

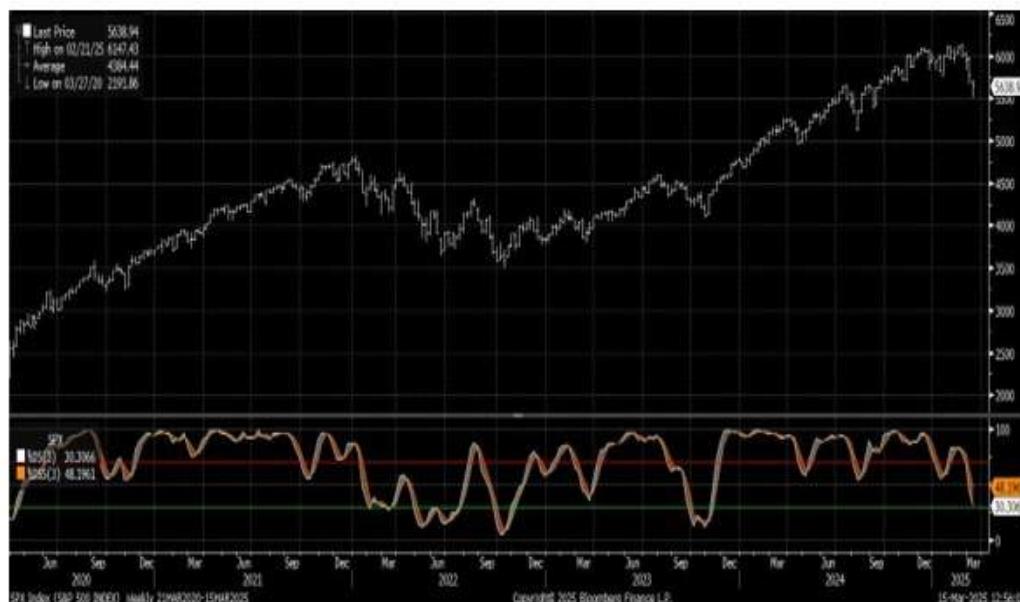
Vanguard High Dividend Yield ETF (VYM) With 14-Day Stochastic Oversold



What Else Do We Need? Buy Signal On Weekly Stochastic

We believe more volatility could be ahead as the 14-week stochastic has not reached an oversold reading. We would like to see this indicator reach this level and generate a buy signal.

S&P 500 With 14-Week Stochastic Just Approaching Oversold Reading





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Europe Is Making A Major Breakout Relative to the MSCI All-Country World Index

The Eurozone is attempting a major breakout relative to the MSCI All-Country World Index, reversing a bear market trend in place since the mid-2000s, as seen in the accompanying chart. We would like confirmation of this breakout, but we are of the view that the Europe equity markets have entered a new secular bull market. We would be buyers on pullbacks.

The MSCI iShares Eurozone ETF (EZU) Vs. iShares MSCI ACWI ETF (ACWI)





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Market Performance

	Last 3/14/2025	Month End 2/28/2025	Month to Date	Quarter End 12/31/2024	Quarter to Date	Year End 12/31/2024	Year to Date	Year Ago 3/14/2024	Year To Year
S&P 500	5638.94	5954.50	-5.3%	5881.63	-4.1%	5881.63	-4.1%	5150.48	9.5%
NASDAQ Composite	17754.09	18847.28	-5.8%	19310.79	-8.1%	19310.79	-8.1%	16128.53	10.1%
NASDAQ 100	479.66	508.17	-5.6%	511.23	-6.2%	511.23	-6.2%	439.14	9.2%
Russell 2000	2044.10	2163.07	-5.5%	2230.16	-8.3%	2230.16	-8.3%	2031.18	0.6%
S&P Consumer Discretionary Sector	1578.01	1731.52	-8.9%	1831.16	-13.8%	1831.16	-13.8%	1451.69	8.7%
S&P Consumer Staples Sector	866.37	918.34	-5.7%	853.65	1.5%	853.65	1.5%	800.60	8.2%
S&P Energy Sector	681.00	689.88	-1.3%	654.85	4.0%	654.85	4.0%	691.90	-1.6%
S&P Financial Sector	805.33	866.84	-7.1%	804.44	0.1%	804.44	0.1%	677.32	18.9%
S&P Health Care Sector	1685.83	1734.28	-2.8%	1604.75	5.1%	1604.75	5.1%	1696.29	-0.6%
S&P Industrials Sector	1107.38	1152.54	-3.9%	1115.65	-0.7%	1115.65	-0.7%	1029.71	7.5%
S&P Information Technology Sector	4174.12	4411.29	-5.4%	4609.52	-9.4%	4609.52	-9.4%	3809.48	9.6%
S&P Materials Sector	539.41	558.18	-3.4%	529.77	1.8%	529.77	1.8%	569.81	-5.3%
S&P Real Estate Sector	259.59	271.05	-4.2%	255.92	1.4%	255.92	1.4%	244.04	6.4%
S&P Communications Sector	329.95	348.89	-5.4%	341.66	-3.4%	341.66	-3.4%	276.62	19.3%
S&P Utilities Sector	398.27	400.57	-0.6%	384.95	3.5%	384.95	3.5%	319.33	24.7%
S&P 500 Total Return	12414.28	13098.22	-5.2%	12911.82	-3.9%	12911.82	-3.9%	11187.85	11.0%
3 month Treasury Bill Price	98.93	98.92	0.0%	98.92	0.0%	98.92	0.0%	98.65	0.3%
3 month Treasury Bill Total Return	259.20	258.78	0.2%	256.97	0.9%	256.97	0.9%	246.60	5.1%
10 Year Treasury Bond Future	110.64	111.09	-0.4%	108.75	1.7%	108.75	1.7%	110.20	0.4%
10 Year Treasury Note Total Return	301.55	302.29	-0.2%	293.94	2.6%	293.94	2.6%	288.93	4.4%
iShares 20+ Year Treasury Bond ETF	90.17	92.43	-2.4%	87.33	3.3%	87.33	3.3%	92.97	-3.0%
S&P Municipal Bond Total Return	278.58	281.95	-1.2%	278.14	0.2%	278.14	0.2%	273.42	1.9%
iShares S&P National Municipal Bond NAV	105.79	107.37	-1.5%	106.40	-0.6%	106.40	-0.6%	107.81	-1.9%
S&P 500 Investment Grade Corporate Bond Total Return	472.32	476.92	-1.0%	465.24	1.5%	465.24	1.5%	449.52	5.1%
S&P Investment Grade Corporate Bond	90.88	91.86	-1.1%	90.28	0.7%	90.28	0.7%	90.03	0.9%
S&P Investment Grade Corporate Bond Total Return	503.74	508.20	-0.9%	495.89	1.6%	495.89	1.6%	477.65	5.5%
SPDR Bloomberg High Yield Bond ETF	95.33	97.12	-1.8%	95.47	-0.1%	95.47	-0.1%	94.35	1.0%
iShares iBoxx High Yield Corporate Bond ETF	78.88	80.13	-1.6%	78.65	0.3%	78.65	0.3%	77.12	2.3%
Gold	2984.16	2857.83	4.4%	2624.50	13.7%	2624.50	13.7%	2162.19	38.0%
Bitcoin	84154.04	84212.07	-0.1%	93714.04	-10.2%	93714.04	-10.2%	70681.39	19.1%

Source: Bloomberg, Sanctuary Wealth, March 14, 2025

Data, Markets, Seasons – Everything Changes

This week, we'll go from the 'wearing of the green' to the green shoots of spring, with not just basketball madness in between.

Coming out of the Ides of March (and aren't investors feeling betrayed?), we'll have a busy week of "indicators." Today's release of retail data will indicate consumer behavior. The FOMC (Federal Open Market Committee) meets on Wednesday and their comments afterward will indicate how they're reading recent inflation data. On Thursday, FedEx will release earnings – which will have everyone's attention, as we parse their numbers, looking for signs of how they see the economy going forward. This Friday will be a Triple Witching (or Triple Witching Hour); the third Friday of March, June, September, and December, is when three types of financial contracts expire simultaneously: stock index futures, stock index options, and individual stock options. This event can lead to increased volatility and higher trading volumes as traders close or roll over their positions.

Despite any foreboding of the above – or the March Madness beginning on Tuesday – the vernal equinox will arrive on Thursday, and Spring brings with it the hope of a blooming market.



Calendar

Mon.

8:30 am U.S. retail sales, Empire State manufacturing survey
10:00 am Business inventories, Home builder confidence index

Tue.

8:30 am Housing starts, Building permits, Import price index
9:15 am Industrial production, Capacity utilization
10:00 am Job openings Earnings: Dick's Sporting Goods

Wed.

2:00 pm FOMC interest-rate decision
2:30 pm Fed Chair Powell press conference
Earnings: Super Micro Computer*

Thu.

8:30 am Initial jobless claims, Philadelphia Fed manufacturing survey
10:00 am Existing home sales, U.S. leading economic indicators
Earnings: FedEx, Lennar

Fri.

10:00 am Consumer sentiment (prelim)

*Earnings reflect highlights

Source: CNBC, Kiplinger's, MarketWatch

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