

2024 Technical Outlook: Broad-based rally back to new all-time highs likely in 2024



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Mark Newton's 2024 Outlook

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Register Now!

REMINDER: My 2024 Technical Outlook is today (12/14) at 2:00 PM Est. Please Register [HERE](#).

Additionally, please find my Outlook Deck attached [HERE](#).

CONCLUSIONS – 2024 Is a Bull Year; SPX target 5,175

- It's likely that 2024 could prove "easier" for investors than either 2022 or 2023; A broad-based rally is possible from Spring 2024 into Spring 2025 given the prospects of Treasury yields and US Dollar falling.
- Emerging markets are likely to make a comeback in 2024. Most of Europe remains a laggard to US stock indices while India is a standout outperformer. China is thought to finally begin a much-needed rally after dramatic underperformance, but areas like India, Mexico are more technically attractive choices.
- US stocks likely will follow-through on the rebuilding efforts of broad-based sector strength to recover the damage suffered from July–October 2023. While Technology has disguised some of the weakness in other groups, it's thought that Industrials and Energy should both join Technology to lead in 2024.



- While both Yields and US Dollar might pull back into Summer/Fall 2024, it's likely that both will resume their uptrends back to highs sometime in late 2024 into 2025. It's expected that any bounce in yields into January/February of 2024 should prove temporary ahead of a larger 2024 drop.
- Small-caps are likely to outperform in 2024 as US Treasury yields begin a larger decline in 2024. This should also be supportive for sectors like Technology to outperform. However, Small-caps might not have more than 9-12 months of a window before Large-Caps regain control.
- Growth is preferred over Value for 2024; However, Value has begun to emerge since October in Small cap and Mid-cap with the prospects of Yields turning down in a larger fashion in 2024, particularly Small cap Growth. Heading into 2024, Value is outperforming short-term but should prove temporary.
- Commodities are thought to snap back and rally in 2024 with particular strength out of Crude Oil from January/February into September 2024 along with precious and Base metals.
- Election-year seasonality should prove bullish for markets, and despite normal election year cycles proving to be less robust than pre-election year cycles, 2024 should prove bullish for investors.
- Sentiment has improved into December but optimism is largely more individual investor related than institutional; Sentiment heading into year-end is much less bullish than 2021, or 2017. Any Q1 weakness should create an excellent risk/reward opportunity for risk assets for 2024.



2024 Sector Technical Ratings

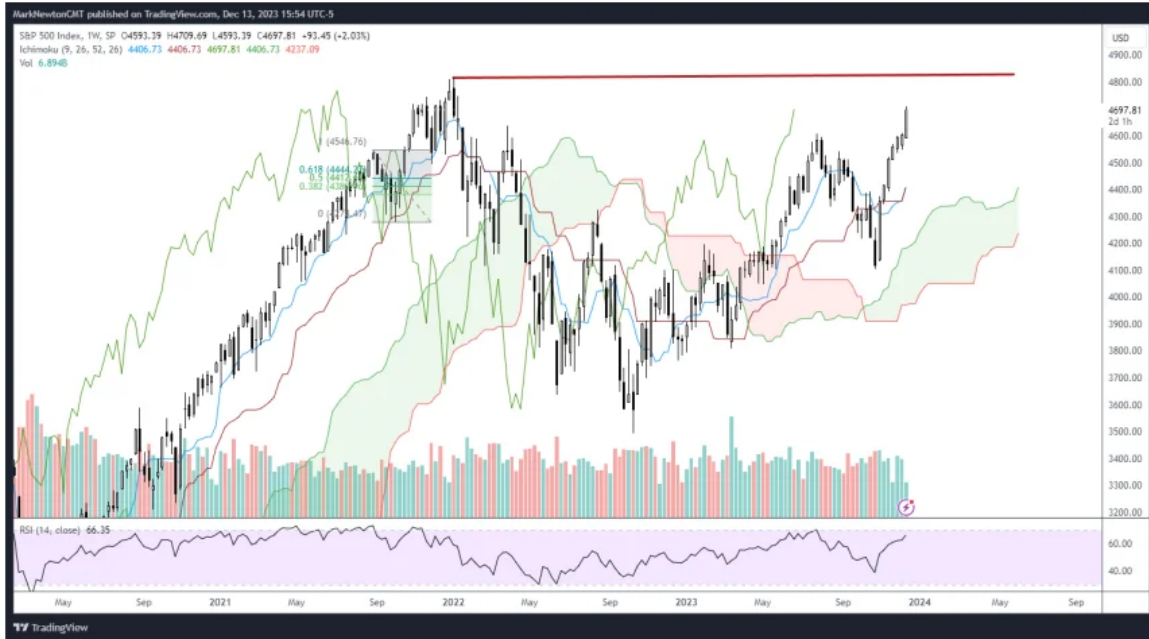
Technical
Mark Newton 

	2024	2023
Consumer Discretionary	Neutral	Underweight <i>← Upgrade</i>
Industrials	Overweight	Overweight
Information Technology	Overweight	Overweight
Communication Services	Neutral	Underweight <i>← Upgrade</i>
Basic Materials	Neutral	Neutral
Energy	Overweight	Neutral <i>← Upgrade</i>
Financials	Neutral	Neutral
Real Estate	Underweight	Underweight
Consumer Staples	Underweight	Underweight
Health Care	Neutral	Neutral
Utilities	Underweight	Underweight

Source: Fundstrat

SPX – Weekly – 2024 should bring about a rally above 4800 that leads back to new all-time highs and Fibonacci and Gann derived targets of 5175.

Short-term Stallout possible following a 12% rise in 7 weeks, but should prove short-lived
 4800 is a key level for the weeks and months ahead into late January



Source: Fundstrat, Trading View

Outperform:

- **Industrials** – Industrials remains technically attractive following its relative rally to multi-year highs vs. SPX
- **Technology** – Should remain resilient with rates starting to drop in 2024
- **Energy** – Exploration and Production stocks likely to lead. WTI Crude oil likely snaps back and rallies from January into September 2024.
- **Emerging Markets** – LatAm could dominate performance in 2024 and expect China makes a comeback – India still the most technically attractive of Emerging markets
- **Cryptocurrencies** – “Crypto Winter” is likely over, but 1st Quarter 2024 pullback probable before strengthening from April into Fall 2024

Underperform:

- **Defensive groups** – Utilities, Staples, REITS
- **European Stocks**

1st Half STRONG/ 2nd Half- Weak

■ **Treasuries** – Expect 2024 should bring about a decline in Yields into Summer before yields begin turning back higher. (1st Half outperformance/ Second half Underperformance)

■ **Precious Metals** – Gold and Silver are bullish and should show technical strength in 1st Half 2024

Technical Positives to consider heading into 2024

- SPX has rallied over 12% since late October 2023, just under seven weeks ago. This has helped breadth and momentum start to show meaningful improvement and both weekly and monthly MACD are now positive and not overbought
- Breadth expansion has been robust since October with ~65% of SPX issues above their respective 200-day moving average (m.a.) and nearly 85% of all stocks now trading above their 50-day (m.a.)
- Cycles look quite positive for 2024, and following a possible consolidation into early 2024, Weekly cycle composites remain bullish until Spring 2025
- Financials, Discretionary and Healthcare have all begun to strengthen in the last couple months as rates have begun to fall. A more meaningful decline in interest rates likely helps to jump-start broad-based participation in Regional and Money Center banks along with Healthcare. This would help to add conviction to the longevity of the rally.
- Seasonality shows Election years being the 2nd best of the four-year cycle behind Pre-election years. Thus, 2024 is likely to show further gains on the heels of 2023's positive performance
- Sentiment remains more Neutral than bearish on an Institutional level, and far less ebullient than levels seen in either late 2017 nor 2021 which preceded the 2022 bear market. Markets would require a much larger rally before this becomes bullish enough to trigger any sentiment-based warnings

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