

## Stocks Are Rising For the Right Reasons

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**Stocks continue to advance**, and a number of Wall Street equity strategists have responded by **revising their year-end targets for the S&P 500 upwards**. As Fundstrat Head of Research Tom Lee observed wryly last week, the 5,200 target he set in December 2023 has thus gone from being one of the most bullish targets to one of the least bullish. “That doesn’t mean we think the market’s already peaked this year,” he assured us. **“We’re probably going to update our target** in the middle of the year, which is a little less than two weeks away.”

He also pointed out that **despite the rise in the broader indices** – nearly a third of the stocks in the S&P 500 are up 10% or more YTD, **stocks have not become expensive**. “The P/E multiples haven’t even gone up yet,” he pointed out, noting that “the S&P 500, excluding FAANG, is still trading at 16.7 times forward earnings, roughly the same as it was at the start of the year. And to me, 16.7x is **quite reasonable**.”

The S&P 500 is up around 4% for the month so far, and Lee told us that stocks are **rising “for the right reasons.”** By this, he meant that stocks are rising in response to inflation continuing to track lower than consensus expectations. In his view, this **raises the probability** that the Federal Reserve will **cut rates more than once** this year, a possibility that markets appear to have recently become more willing to consider (based on Fed funds futures trading).



Head of Technical Strategy Mark Newton agreed that “we have reached a point where a lot of the data is just coming in weaker and weaker.” He said, “I don’t have a lot of insight as to why it’s coming in that way, but the key takeaway when you look at what markets are doing from a technical perspective is that we’re starting to see just a **tremendous amount of bifurcation** between how Technology is doing compared to the rest of the market. Energy, Financials, and Industrial just have not been doing anything, though we are starting to see these **other sectors starting to gain traction**. I view this as actually a pretty big positive, but we still **need to see bigger breakouts** of equal-weighted indices.”

Live Webinar with Tom Lee

## Granny Shots & Market Update Webinar

The Most Timely of Our Granny Shots

Wednesday, June 26  
2pm ET

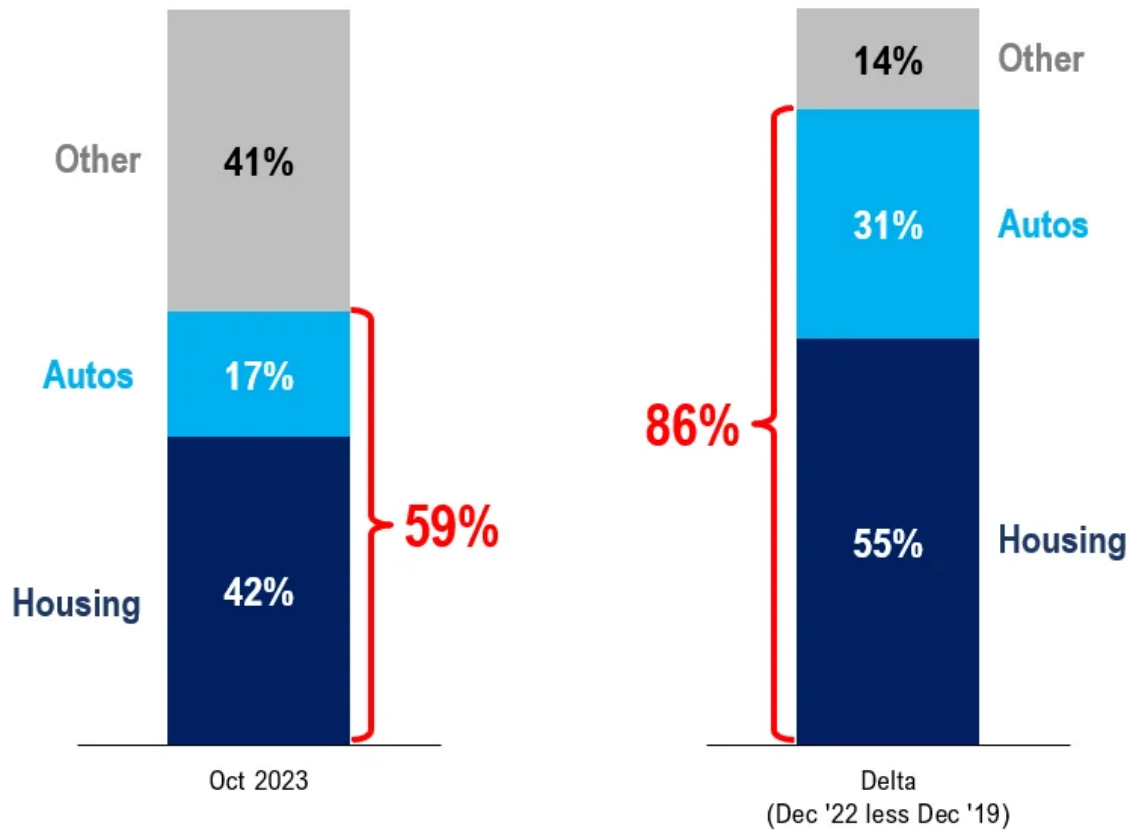
[Reserve Your Seat](#)

### *Chart of the Week*



## CORE CPI: Autos and Housing Have Contributed to Rise

% of Core CPI Oct 2023 and Delta of Category Contribution by Index Price Level Dec '22 less Dec '19  
Autos, Housing, and all "Other" Categories Highlighted.



Source: Fundstrat, Bloomberg, BLS

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Recent automobile price data supports the contention by Fundstrat’s Tom Lee that inflation is tracking lower than consensus expectations. “New car inventory has surged back to pre-pandemic levels as auto production has improved and consumer demand has waned,” he said, foreshadowing a decline in new car prices, particularly given an ongoing decline in used car prices (down 10% from their 2023 peak) and a rise in auto insurance prices that is making car purchases less affordable. “The drop in new car and used car prices impacts Core CPI more than many appreciate,” Lee said. As our Chart of the Week illustrates, auto-related components (cars plus insurance, etc) are 17% of the Core CPI basket. And more startlingly, they constitute 31% of all core inflation since 2019.”



[fsi-flash-insights]

## FSI Video: Weekly Highlight



### Key incoming data

- ~~6/17 8:30 AM ET: Jun Empire Manufacturing Survey~~ **Tame**
- ~~6/18 8:30 AM ET: May Retail Sales Data~~ **Tame**
- ~~6/18 9:00 AM ET: Jun M Manheim Used vehicle index~~ **Tame**
- ~~6/18 4:00 PM ET: Apr Net TIC Flows~~ **Tame**
- ~~6/19 10:00 AM ET: Jun NAHB Housing Market Index~~ **Tame**
- ~~6/20 8:30 AM ET: Jun Philly Fed Business Outlook~~ **Tame**
- ~~6/21 9:45 AM ET: Jun P S&P Global Manufacturing PMI~~ **Dovish**
- ~~6/21 9:45 AM ET: Jun P S&P Global Services PMI~~ **Dovish**





- ~~6/21 10:00 AM ET: May Existing Home Sales~~ **Mixed**
- 6/24 10:30 AM ET: Jun Dallas Fed Manuf. Activity Survey
- 6/25 8:30 AM ET: May Chicago Fed Nat Activity Index
- 6/25 9:00 AM ET: Apr S&P CoreLogic CS home price
- 6/25 10:00 AM ET: Jun Conference Board Consumer Confidence
- 6/26 10:00 AM ET: May New Home Sales
- 6/27 8:30 AM ET: 1Q T 2024 GDP
- 6/27 10:00 AM ET: May P Durable Goods Orders
- 6/28 8:30 AM ET: May PCE Deflator

▶ Live Webinar with Mark Newton

# Live Technical Analysis

June 6, 2024 @ 2pm ET

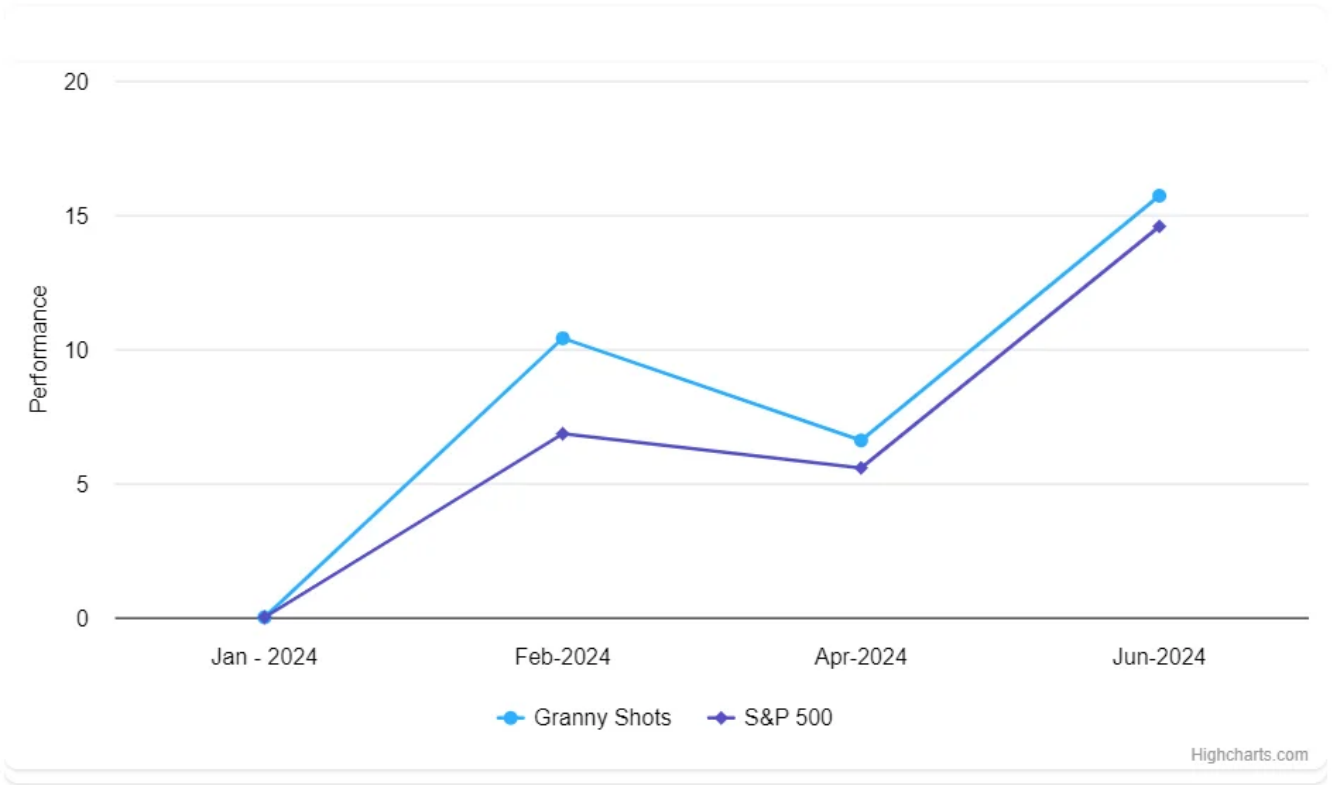
[Watch Replay Now](#)



## *Stock List Performance*



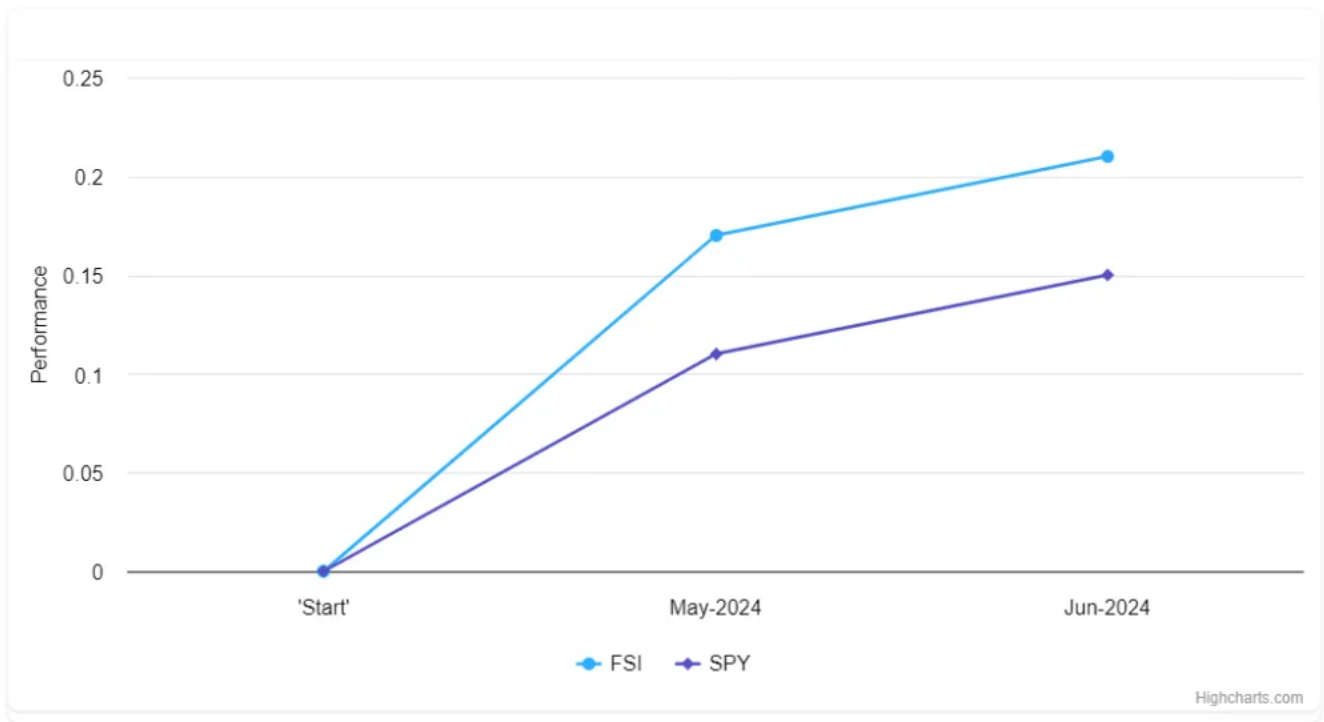
### Year to Date Granny Shots Performance



Performance period: January 01, 2024 through June 21, 2024



### Upticks Against the SPY ( Year to Date )



Performance period: January 01, 2024 through June 21, 2024

### *In the News*

[fsi-in-the-news]



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