

2H 2024 to Open Amidst Broad-Based Rally

Last Friday was the last trading day of the month, quarter, and half. **Stocks rose around 3.6% in June**, with the S&P 500 ending **within view of the 5,500 month-end target** that Fundstrat Head of Research Tom Lee envisioned as a solid possibility in late May. To Lee, these gains have been driven by **tanking inflation** and an **improving global economy** – “a positive fundamental combination,” as he put it earlier in the week.

Yet **skepticism** about the market and **about inflation remains**. For example, this week Fed Governor Michelle Bowman said she continues to see “a number of upside risks” to inflation, while viewing no rate cuts this year as a distinct possibility. Market sentiment also remains cautious and skeptical. As Lee pointed out, levels of cash on the sidelines remain high (\$6 trillion and growing) amid low levels of leverage, as measured by NYSE Margin Debt.

Head of Technical Strategy Mark Newton told us his work gives him a similar view of market sentiment. “For the first half of the year, **markets are up more than 14 percent**. There’s really no reason to be upset with that, but **yet nobody’s happy**,” he said during our weekly research huddle. He continued, “Recently, **we saw some broader market participation and some great moves** out of Financials, and yet it seems like nobody mentioned that.” Newton added, “When I look at Fear and Greed Index and the AAll [Investor Sentiment Survey], I don’t see the type of complacency that would make you think markets have peaked.”

Lee agrees that, given the week's encouraging numbers, markets continue to have upside potential. This was a big week for macroeconomic data, starting with encouraging April Case-Shiller home price data. Perhaps more importantly, we also saw the **latest reading of PCE** – the Federal Reserve's preferred inflation indicator. Core PCE came in at 0.08% MoM – **below Street expectations** of 0.15%–0.20%. On a YoY basis, Core PCE came in **at levels not seen since March 2021**. "Inflation is falling like a rock," Lee reiterated. "You can even see the signs of this if you just look around," he said, citing recent news stories about Target cutting prices and McDonald's offering new, lower-priced value-meal options as just two examples of this trend.

A number of market skeptics continue to assert that equities as a whole are not doing so well, and that the apparent gains have largely been driven by just seven big Tech stocks. Lee sees it differently: It's notable that **8% of the S&P 500 is up by more than 30% YTD**. "That's 40 stocks up more than 30%, hardly a narrow market," he said. "And with **33% of the S&P 500 up more than 10% YTD**, we are arguably **in the middle of quite a broad-based rally**."

Live Webinar with Tom Lee

Granny Shots & Market Update Webinar

The Most Timely of Our Granny Shots

Tuesday, June 26
2pm ET

[Watch Replay Now](#)


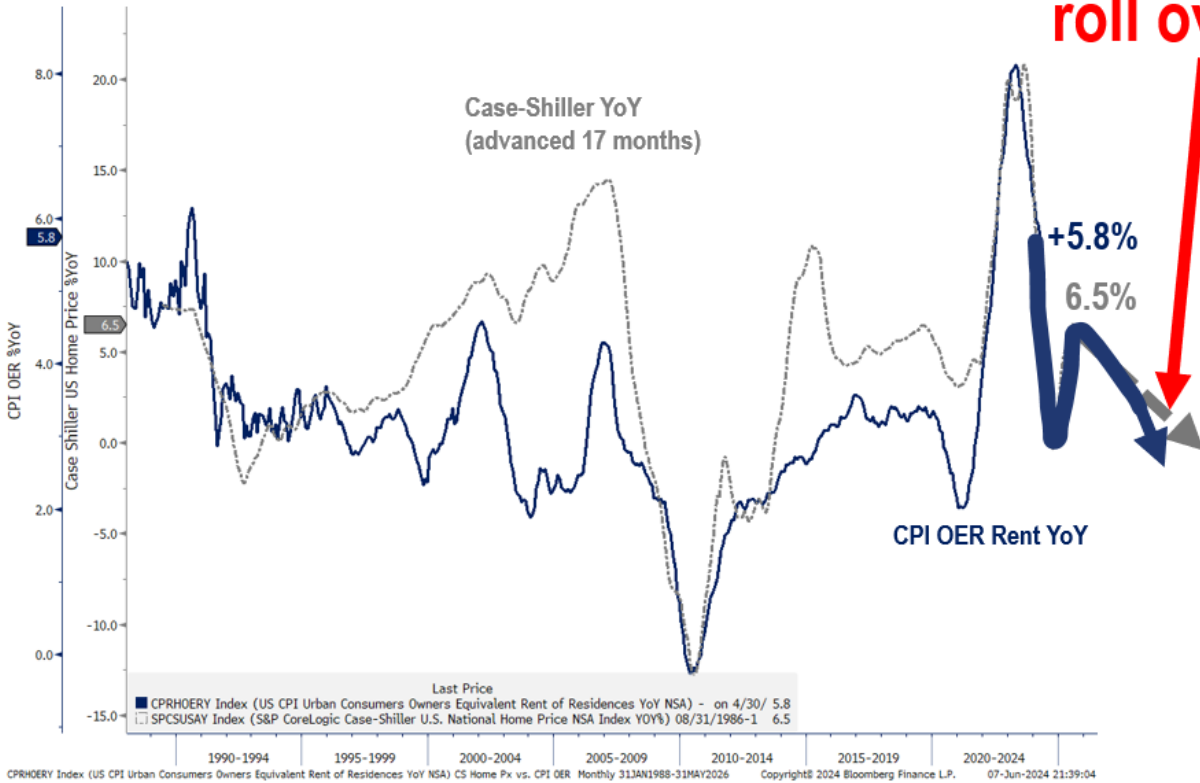


Chart of the Week

HOUSING: 4% housing inflation consistent with 2% inflation

Shelter will roll over

Case-Shiller vs CPI Owners Equivalent Rent Monthly



Source: Fundstrat, Bloomberg, BLS

On Tuesday, Case-Shiller home prices for April came in at +0.38 MoM. “The prints from May through August of 2023 were pretty high,” observed Lee, “and that means, in my view, that the YoY for Case-Shiller in the coming months is going to drop. Case-Shiller leads the shelter component of CPI, so that’s set to fall as well,” he reasoned. This is shown in our Chart of the Week above.

Recent *Flash Insights*

[fsi-flash-insights]

FSI Video: Weekly Highlight



Key incoming data

- ~~6/24 10:30 AM ET: Jun Dallas Fed Manuf. Activity Survey~~ **Tame**
- ~~6/25 8:30 AM ET: May Chicago Fed Nat Activity Index~~ **Tame**
- ~~6/25 9:00 AM ET: Apr S&P CoreLogic CS home price~~ **Tame**
- ~~6/25 10:00 AM ET: Jun Conference Board Consumer Confidence~~ **Tame**
- ~~6/26 10:00 AM ET: May New Home Sales~~ **Tame**
- ~~6/27 8:30 AM ET: 1Q T 2024 GDP~~ **Tame**
- ~~6/27 10:00 AM ET: May P Durable Goods Orders~~ **Tame**
- ~~6/28 8:30 AM ET: May PCE Deflator~~ **Tame**
- ~~6/28 10:00 AM ET: Jun F U. Mich. Sentiment and Inflation Expectation~~ **Tame**
- 7/1 9:45 AM ET: Jun F S&P Global Manufacturing PMI
- 7/1 10:00 AM ET: Jun ISM Manufacturing PMI



- 7/2 9:30 AM ET: Powell, Lagarde, Campos Neto Speak in Sintra
- 7/2 10:00 AM ET: May JOLTS Job Openings
- 7/3 8:30 AM ET: May Trade Balance
- 7/3 9:45 AM ET: Jun F S&P Global Services PMI
- 7/3 10:00 AM ET: Jun ISM Services PMI
- 7/3 10:00 AM ET: May F Durable Goods Orders
- 7/3 2:00 PM ET: Jun FOMC Meeting Minutes
- 7/5 8:30 AM ET: Jun Jobs Report

Newton's Upticks Stock List

Mark Newton uses technical analysis to identify names in the S&P 500 that offer attractive risk/reward opportunities

[Access Now!](#)



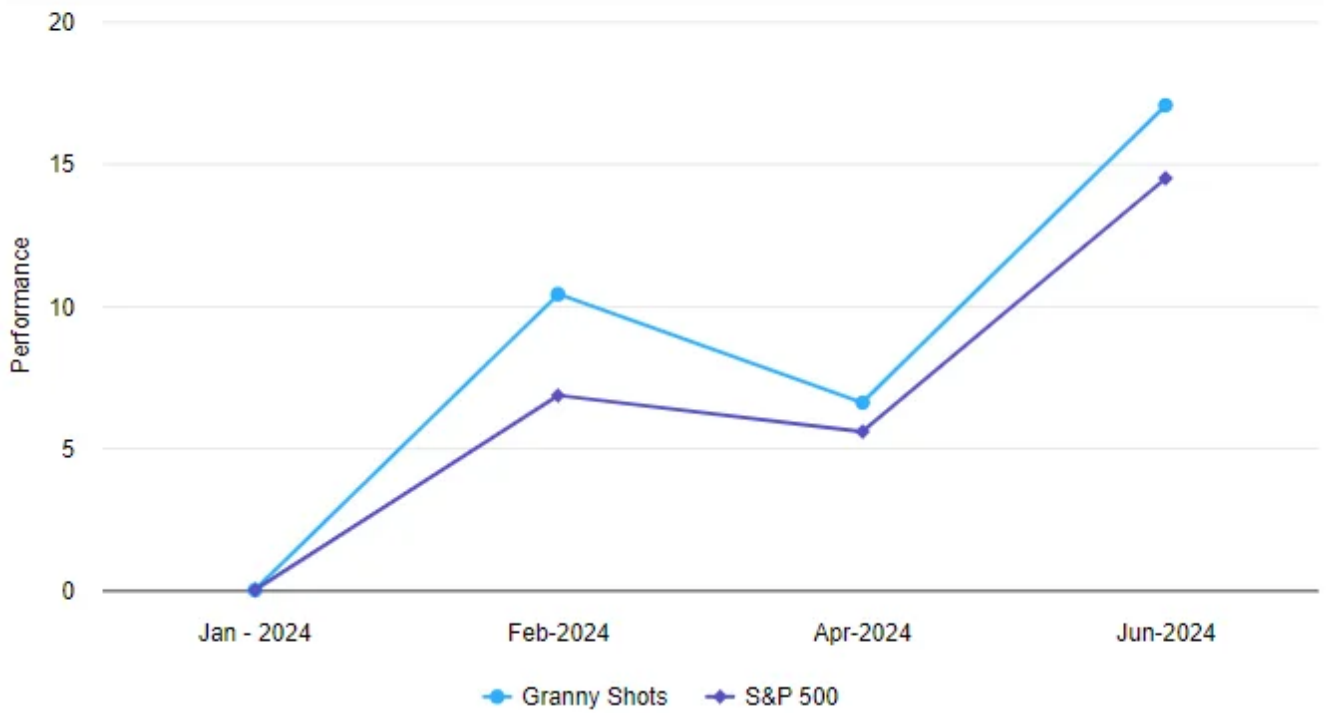
Information Technology	58.04	-0.71%	-1.9%	\$58.725	\$55.00	\$68.00 & \$78.00
Health Care	426.13	2.40%	21.09%	\$321.91	\$385.00	\$503.00 & \$558.00
Industrials	1,146.24	0.49%	53.70%	\$745.76	\$1,010.00	\$1,165.00 & \$1,243.00
Communication Services	585.50	1.73%	2.20%	\$553.31	\$530.00	\$661.00 & \$700.00
Health Care	728.80	3.37%	14.57%	\$436.11	\$600.00	\$672.00 & \$722.00
Health Care	389.31	-0.10%	28.28%	\$303.47	\$345.00	\$435.00 & \$504.00
Consumer Discretionary	424.84	0.77%	0.19%	\$424.03	\$410.00	\$481.00 & \$567.00
Consumer	1,128	0.54%	24.20%	\$111.24	\$121.00	\$141.00 & \$160.00

*Image does not reflect current stock list

Stock List Performance

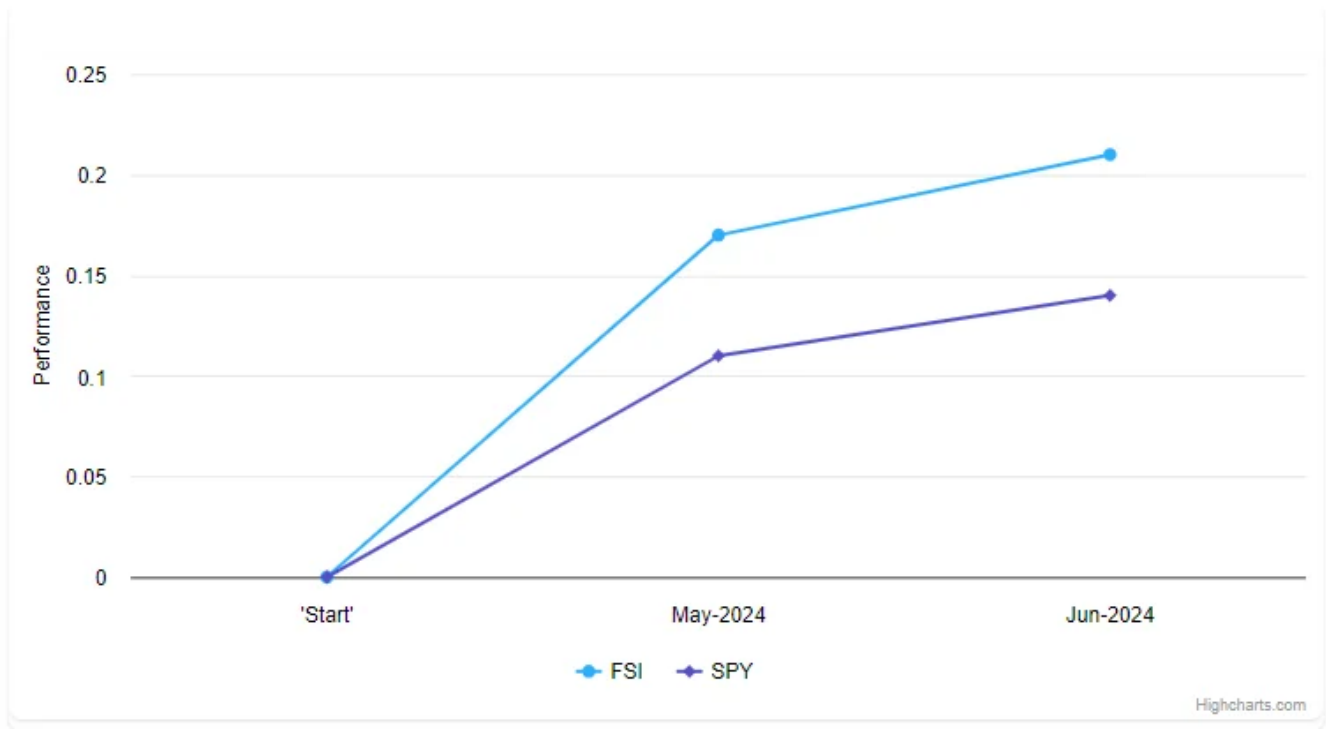


Year to Date Granny Shots Performance





Upticks Against the SPY (Year to Date)



Performance period: January 01, 2024 through June 28, 2024

In the News

[fsi-in-the-news]



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