

Can Equities Continue to Break Records?

Much of this week was somewhat range-bound, at least compared to the wild ride that Nvidia (\$NVDA) sparked the week before. Nevertheless, stocks **continued their advance**. The **Nasdaq hit an all-time high** close, breaking a record set in 2021. The S&P 500 also notched fresh new highs, and on Thursday it celebrated Leap Day by extending its **monthly win streak to four**.

With the bulk of earnings season having passed, investors resumed focusing on inflation data and what the Federal Reserve's response might be. Two weeks ago, markets sank on a higher-than-expected January CPI reading, even though **January seasonal surges** in inflation readings are **not unusual**. CPI tends to foreshadow PCE, so although **Core PCE MoM came** in on Thursday at 0.4% – the biggest monthly jump since January 2023, the reading was roughly **in line with Street expectations**, and the S&P 500 and Nasdaq **both rose afterward**. “There were no major revelations in the PCE numbers, but the market's reaction tells me there is still gas in the tank,” Lee remarked on Thursday.

Head of Technical Strategy **Mark Newton has a similar opinion**. In his view, “equity **trends show no evidence of wavering**. Until or unless last week's lows are challenged (4946 for \$SPX), SPX very well can continue its rise **into mid-March** without much trouble, technically.”

The week's market action also suggests that the **rally is broadening**. As Newton pointed out, “\$RSP, the equal-weighted S&P 500, logged a new all-time high monthly and weekly close.” In fact, the **equal-weighted S&P 500 outperformed** the S&P 500 index this week.



Live Webinar

Friday, March 8 @ 11am ET

Fireside Chat with Tom Lee & Jens Nordvig

Reserve Your Seat



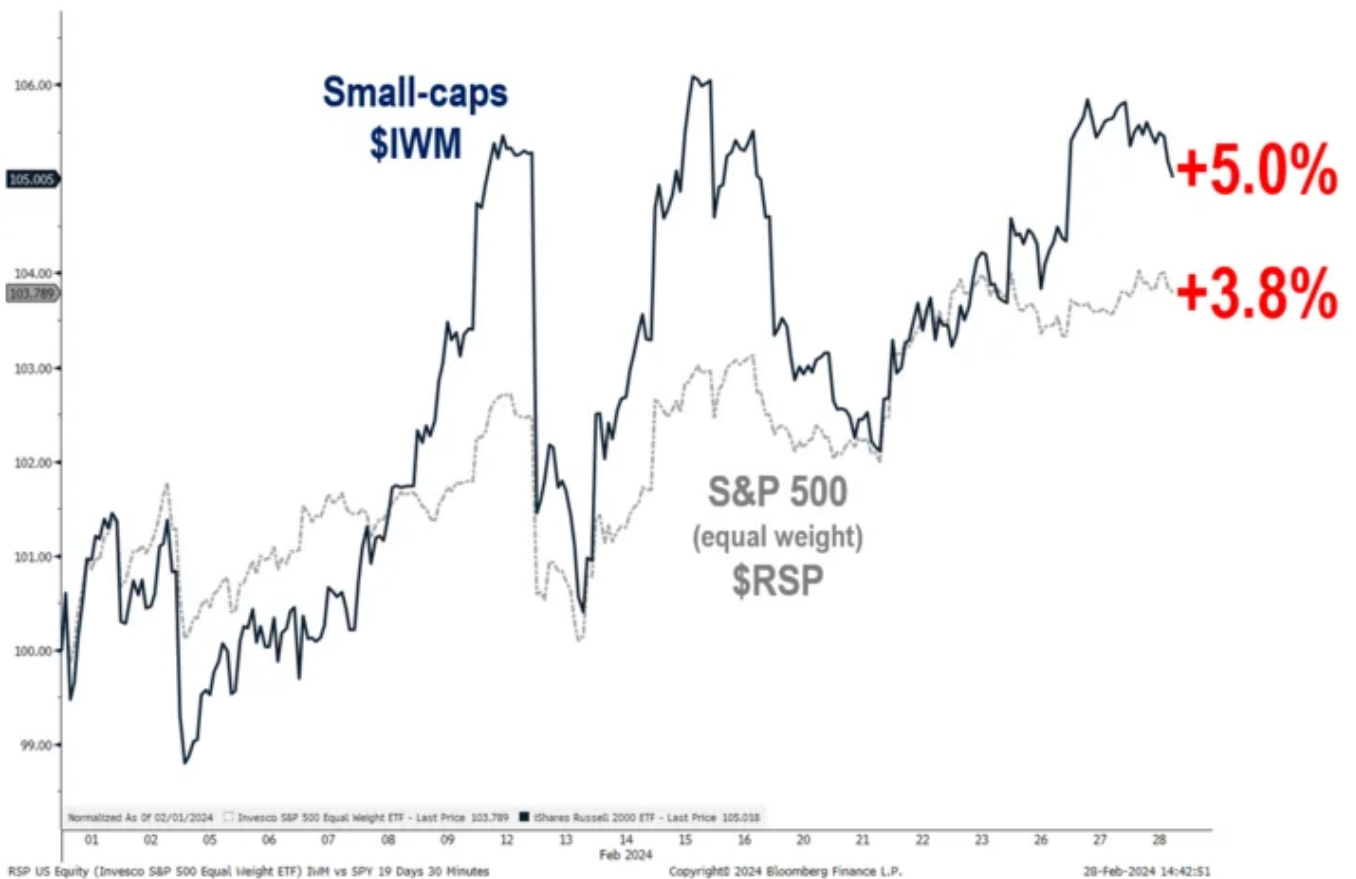
Tom Lee, CFA
Head of Research,
Fundstrat



Jens Nordvig
Founder & CEO
Exante

Chart of the Week

FEB: Stealth Small-caps rally vs S&P 500 (equal weight)





This week, Fundstrat Head of Research Tom Lee pointed out “kind of a ‘stealth rally’” taking place with small-caps, as shown in our Chart of the Week. “If you compare the Russell 200 and compare it to the \$RSP (S&P 500 equal-weighted index), you can see that small caps have outperformed the broader market,” he pointed out. “We still see 50% upside for small caps, based on their valuation levels.”

*Recent **Flash** Insights*

[fsi-flash-insights]

FSI Video: Weekly Highlight



Sector Allocation Update



These are the latest strategic sector ratings from Head of Research Tom Lee and Head of Technical Strategy Mark Newton, part of the March 2024 update to the [FSI Sector Allocation Strategy](#). FS Insight Macro and Pro subscribers can click [here](#) for ETF recommendations, precise guidance on strategic and tactical weightings, detailed commentary, and methodology.

Sector ETF Allocations – Strategic Sector Ratings

Macro
Thomas Lee



Technical
Mark Newton



	Macro Thomas Lee	Technical Mark Newton
Consumer Discretionary	Overweight	Neutral
Industrials	Overweight	Overweight
Information Technology	Overweight	Overweight
Communication Services	Neutral	Neutral
Basic Materials	Neutral	Neutral
Energy	Overweight	Overweight
Financials	Overweight	Overweight
Real Estate	Overweight	Underweight
Consumer Staples	Underweight	Underweight
Health Care	Overweight	Overweight
Utilities	Underweight	Underweight

Source: Fundstrat



Key incoming data

- ~~2/26 10:30am ET February Dallas Fed Manufacturing Activity Survey~~ **Tame**
- ~~2/27 9am ET February S&P CoreLogic CS home price~~ **Tame**
- ~~2/27 10am ET February Conference Board Consumer Confidence~~ **Tame**
- ~~2/28 8:30am ET 4Qs 2023 GDP~~ **Tame**
- ~~2/29 8:30am ET January PCE~~ **Tame**
- ~~3/01 9:45 am ET: Feb F S&P Global Manufacturing PMI~~ **Tame**
- ~~3/01 10:00 am ET: Feb ISM Manufacturing~~ **Tame**
- ~~3/01 10:00 am ET: Feb F U. Mich. Sentiment and Inflation Expectation~~ **Tame**
- 3/05 9:45 am ET: Feb F S&P Global Services & Composite PMI
- 3/05 10:00 am ET: Feb ISM Services
- 3/06 10:00 am ET: Jan JOLTS Job Openings
- 3/06 2:00 pm ET: Fed Releases Beige Book
- 3/07 8:30 am ET: 4QF 2023 Nonfarm Productivity
- 3/07 9:00 am ET: Feb F Manheim Used Vehicle Index
- 3/08 8:30 am ET: Feb Jobs Report

Tom Lee's Top Stock Picks

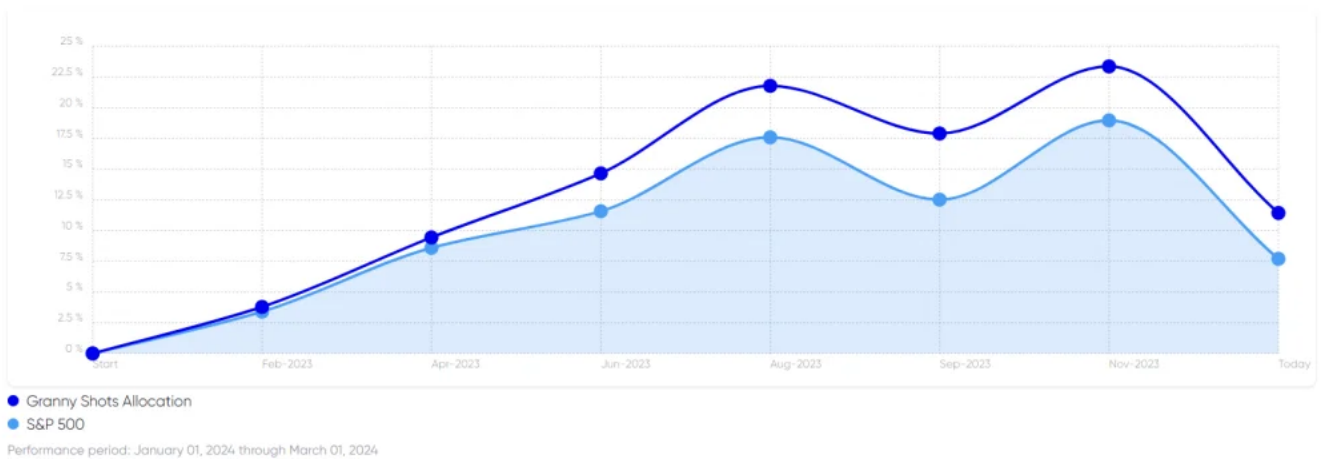
- Granny Shots
- "Super Granny" Shots
- SMIDs & Super SMIDs
- and MORE!

Access Now!



Stock List Performance

Year to Date Granny Shots Performance



In the News



[fsi-in-the-news]

Disclosures

This research is for the clients of FS Insight only. FSI Subscription entitles the subscriber to 1 user, research cannot be shared or redistributed. For additional information, please contact your sales representative or FS Insight at fsinsight.com.

Conflicts of Interest

This research contains the views, opinions and recommendations of FS Insight. At the time of publication of this report, FS Insight does not know of, or have reason to know of any material conflicts of interest.

General Disclosures

FS Insight is an independent research company and is not a registered investment advisor and is not acting as a broker dealer under any federal or state securities laws.

FS Insight is a member of IRC Securities' Research Prime Services Platform. IRC Securities is a FINRA registered broker-dealer that is focused on supporting the independent research industry. Certain personnel of FS Insight (i.e. Research Analysts) are registered representatives of IRC Securities, a FINRA member firm registered as a broker-dealer with the Securities and Exchange Commission and certain state securities regulators. As registered representatives and independent contractors of IRC Securities, such personnel may receive commissions paid to or shared with IRC Securities for transactions placed by FS Insight clients directly with IRC Securities or with securities firms that may share commissions with IRC Securities in accordance with applicable SEC and FINRA requirements. IRC Securities does not distribute the research of FS Insight, which is available to select institutional clients that have engaged FS Insight.

As registered representatives of IRC Securities our analysts must follow IRC Securities' Written Supervisory Procedures. Notable compliance policies include (1) prohibition of insider trading or the facilitation thereof, (2) maintaining client confidentiality, (3) archival of electronic communications, and (4) appropriate use of electronic communications, amongst other compliance related policies.

FS Insight does not have the same conflicts that traditional sell-side research organizations have because FS Insight (1) does not conduct any investment banking activities, and (2) does not manage any investment funds.

This communication is issued by FS Insight and/or affiliates of FS Insight. This is not a personal recommendation, nor an offer to buy or sell nor a solicitation to buy or sell any securities, investment products or other financial instruments or services. This material is distributed for general informational and educational purposes only and is not intended to constitute legal, tax, accounting or investment advice. The statements in this document shall not be considered as an objective or independent explanation of the matters. Please note that this document (a) has not been prepared in accordance with legal requirements designed to promote the independence of investment research, and (b) is not subject



to any prohibition on dealing ahead of the dissemination or publication of investment research. Intended for recipient only and not for further distribution without the consent of FS Insight.

This research is for the clients of FS Insight only. Additional information is available upon request. Information has been obtained from sources believed to be reliable, but FS Insight does not warrant its completeness or accuracy except with respect to any disclosures relative to FS Insight and the analyst's involvement (if any) with any of the subject companies of the research. All pricing is as of the market close for the securities discussed, unless otherwise stated. Opinions and estimates constitute our judgment as of the date of this material and are subject to change without notice. Past performance is not indicative of future results. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The opinions and recommendations herein do not take into account individual client circumstances, risk tolerance, objectives, or needs and are not intended as recommendations of particular securities, financial instruments or strategies. The recipient of this report must make its own independent decision regarding any securities or financial instruments mentioned herein. Except in circumstances where FS Insight expressly agrees otherwise in writing, FS Insight is not acting as a municipal advisor and the opinions or views contained herein are not intended to be, and do not constitute, advice, including within the meaning of Section 15B of the Securities Exchange Act of 1934. All research reports are disseminated and available to all clients simultaneously through electronic publication to our internal client website, fsinsight.com. Not all research content is redistributed to our clients or made available to third-party aggregators or the media. Please contact your sales representative if you would like to receive any of our research publications.

Copyright © 2024 FS Insight LLC. All rights reserved. No part of this material may be reprinted, sold or redistributed without the prior written consent of FS Insight LLC.