

Can Post-FOMC Rally Continue?

Markets were apprehensive ahead of last week's FOMC meeting, and Fundstrat Head of Research Tom Lee told clients that, based on the conversations he was having, many investors remained **skeptical** about equities as an asset class and **expected the Fed to turn hawkish** on Wednesday.

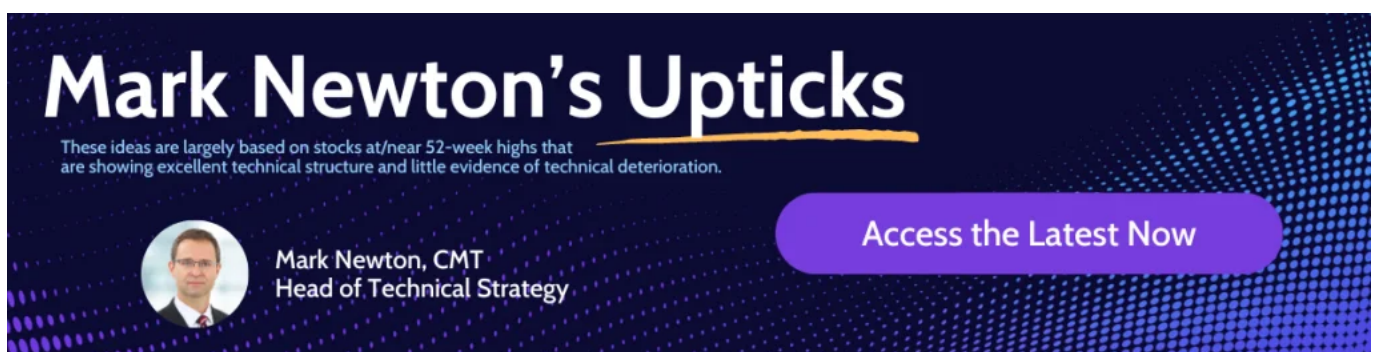
However, despite recent hotter-than-expected data, **Lee argued** that the Fed would acknowledge that **inflation was still clearly on a downward** trajectory, thus remaining **dovish**. He asserted that the **market would rally** on this news, as it became clear that consensus pre-meeting sentiment and expectations were incorrect.

This is exactly what happened. The latest SEP showed that members still expect **three rate cuts for 2024** (as shown in our Chart of the Week). Markets immediately rallied in response, with the **S&P 500 breaking the 5,200** mark for the first time and closing at a new **all-time high** Wednesday and again on Thursday. Can this continue?

Lee thinks **it's possible**, suggesting that the March 20 FOMC meeting will ultimately convince the market that the Fed remains dovish. Looking forward, he suggested that "once this happens, a lot of things can happen – **all of them arguably good for stocks**." In his view, perceptions of a dovish Fed will result in easing financial conditions, expansion of market breadth, and improved CEO confidence.


Lee also pointed out that the **technicals appear to be in place** for markets to continue rallying, citing the work of Fundstrat Head of Technical Strategy Mark Newton. At our weekly research huddle, Newton elaborated on this: "I hear a lot of people who are saying, 'the market's overextended,' or 'the market's overbought'. And it's true that the S&P 500 has made an extraordinary move, up over 26% since October, but much of that has been large-cap Tech."

He continued, “I think many of those skeptics would be surprised to learn that, on an equal-weighted basis, a **breakout has literally just started**. We’re seeing a **broadening out in the market** that is actually quite healthy – rotation out of Technology, which has underperformed the last month, into Energy and Materials, and we’ve already seen Financial and Industrials performing well. This is actually very constructive for the market. That’s why, in my view, we have to be **in the market** and not be concerned about how overbought the S&P and QQQ have gotten of late.”



Mark Newton's Upticks

These ideas are largely based on stocks at/near 52-week highs that are showing excellent technical structure and little evidence of technical deterioration.



Mark Newton, CMT
Head of Technical Strategy

[Access the Latest Now](#)

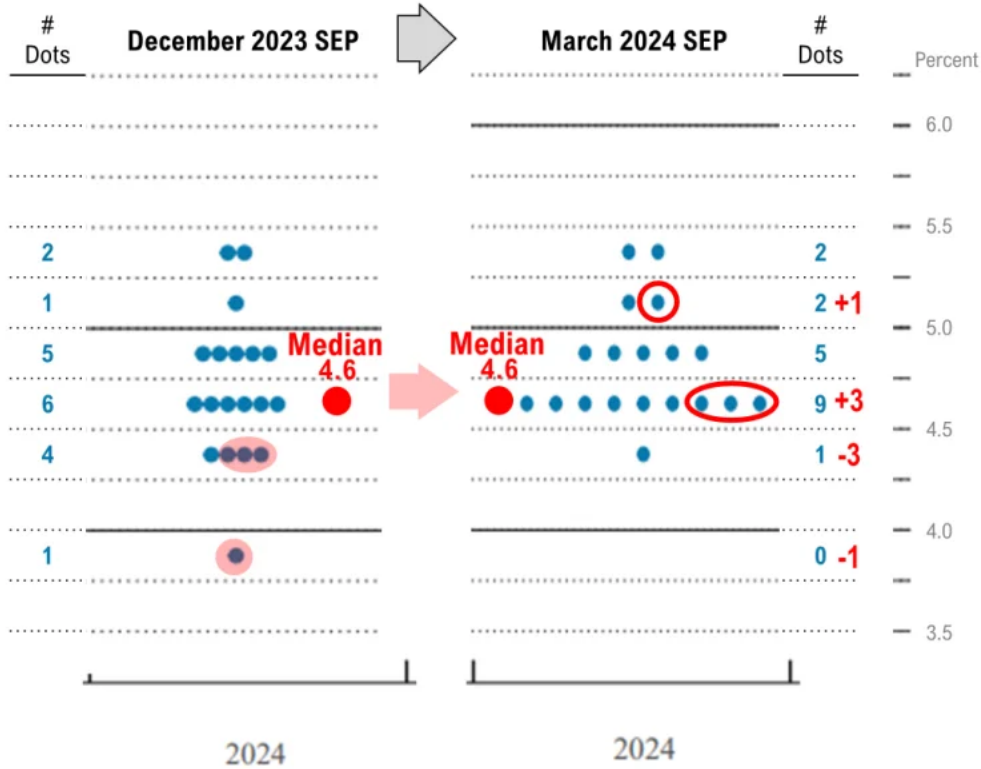
Chart of the Week



Macro Research

FOMC Participants' Assessments of **Target Level for Fed Funds Rate by YE2024**
FOMC Summary of Economic Projections (SEP), December 2023 vs. March 2024

YE 2024 Fed Funds



Source: Fundstrat, the Federal Reserve

fundstrat

The Summary Economic Projections (SEP) illustrates where each FOMC voting member currently expects the Fed Funds rate to end the the year. The latest SEP showed FOMC members are coalescing around a median forecast that implies three rate cuts for 2024. Fundstrat’s Tom Lee had argued ahead of the meeting that Fed economists would not use one – or two – months of unexpected inflation readings to pivot from the dovish course that the central bank had already signaled in previous meetings, and in our view, the Chart of the Week confirms his expectation.

Recent *Flash Insights*

[fsi-flash-insights]

FSI Video: Weekly Highlight



Key incoming data

- ~~3/18 8:30 am ET: Mar New York Fed Business Activity Survey~~ **Tame**
- ~~3/18 10:00 am ET: Mar NAHB Housing Market Index~~ **Tame**
- ~~3/19 9:00 am ET: Mar Mid-Month Manheim Used Vehicle Index~~ **Tame**
- ~~3/20 2:00 pm ET: Mar FOMC Rate Decision~~ **Dovish**
- ~~3/21 8:30 am ET: Mar Philly Fed Business Outlook Survey~~ **Tame**
- ~~3/21 9:45 am ET: Mar P S&P Global PMI~~ **Tame**
- 3/25 10:30 am ET: Mar Dallas Fed Manufacturing Activity Survey
- 3/26 9:00 am ET: Mar S&P CoreLogic CS home price
- 3/26 10:00 am ET: Mar Conference Board Consumer Confidence



- 3/28 8:30 am ET: 4QT 2023 GDP
- 3/28 10:00 am ET: Mar F U. Mich. Sentiment and Inflation Expectation
- 3/29 8:30 am ET: Feb PCE

Granny Shots Stock List

A Proven Performance Leader,
Outpacing the S&P with DOUBLE the Returns

*Absolute over same time period

[Access Now!](#)

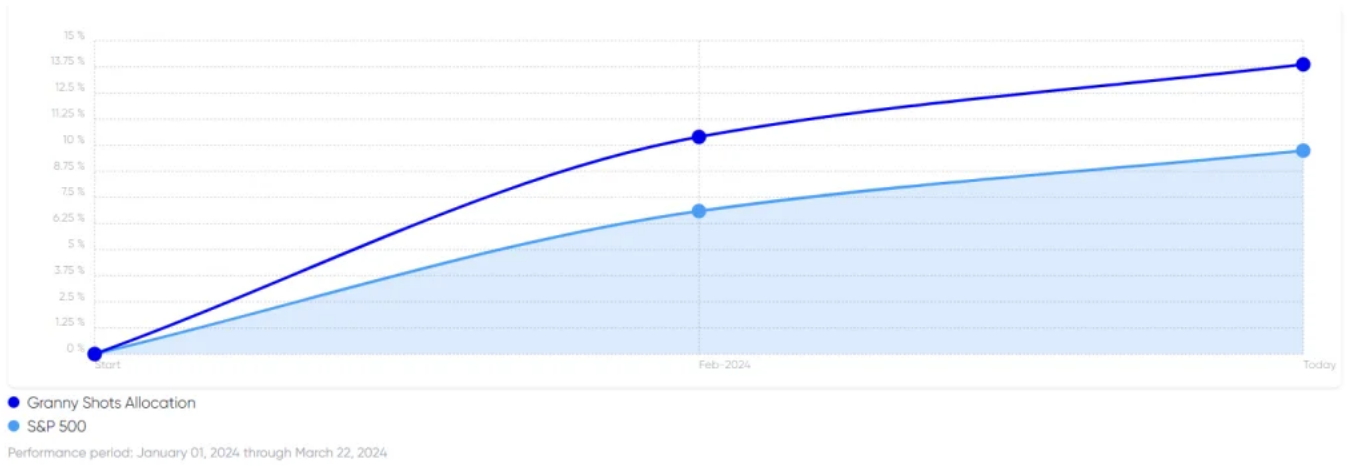


On Friday, Fundstrat Head of Research Tom Lee hosted a special post-FOMC/Super Granny Shots webinar. YTD, the Granny Shots is **outperforming** the S&P 500 4.13%. Since inception, Granny Shots returns are more than double the S&P 500's. Don't miss out.

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.