

## What June Means for Stocks

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The S&P 500 ended its **weekly** winning streak at five with a **0.51% decline** after the Memorial Day holiday, but stocks still ended **the month of May up roughly 4.8%**. Fundstrat Head of Research Tom Lee suggested that investors “**buy the dip.**” His constructiveness is driven by seasonality, low levels of leverage, high (and still rising) levels of cash on the sidelines, and a strong earnings season that shows that the **AI transformation** is, in his view, “**still going strong.**”

Historically – when stocks have seen a positive first quarter and a down April while the economy was not in a recession – **June has turned out to be a positive** month for equities **11 out of 11 times**, with a median gain of 3.4%. “Seasonality alone thus implies that the S&P 500 **could** end June **near 5,500, or >200 points higher,**” Lee pointed out.

Head of Technical Strategy Mark Newton chimed in by highlighting another aspect of seasonality. “**June is a much stronger month in an election year** than really any other month outside of November,” he reminded us at our weekly research huddle.

Friday saw the release of updated Personal Consumption Expenditures (PCE) index, the Federal Reserve’s preferred inflation indicator. **Core PCE came in at the lowest levels of the year**, and a dive into the details saw a slowdown in consumer spending. More importantly, “excluding housing, PCE inflation is on target,” Lee observed, with Core PCE ex-housing dripping lower in April to 2.15% vs 2.19% YoY in March. What’s more, the latest Case-Schiller home price update, released last week, showed **home-price inflation slowing**. This means that for PCE, “we believe these **improvements are sustainable,**” he said.



Friday's PCE release was followed by what Newton described as a "**sharp pullback in yields.**" He added, "The cycle that I use for Treasury yields shows a pretty steep decline for yields **between now and September.** This could be related to weaker economic growth and/or a continuation of the disinflationary trend, either of which would be **good for stocks.**"

# Live Technical Analysis

June 6, 2024 @ 2pm ET



Mark Newton, CMT  
Head of Technical Strategy



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## *Chart of the Week*



### S&P 500 Daily Price Change before/on/after PCE Releases

Since 2023

Release Date	Period	Core PCE MoM...			Cumulative -5D to Release	S&P 500 1D Release Day	Cumulative Release to +5D
		Est	Actual	Delta			
1/27/2023	Dec '22	0.30	0.39	0.09	4.1%	0.2%	1.9%
2/24/2023	Jan '23	0.40	0.51	0.11	-3.3%	-1.1%	0.8%
3/31/2023	Feb '23	0.40	0.36	-0.04	2.6%	1.4%	1.4%
4/28/2023	Mar '23	0.30	0.34	0.04	0.1%	0.8%	0.0%
5/26/2023	Apr '23	0.30	0.31	0.01	-1.1%	1.3%	3.0%
6/30/2023	May '23	0.30	0.29	-0.01	0.3%	1.2%	0.3%
7/28/2023	Jun '23	0.20	0.17	-0.03	0.1%	1.0%	-1.3%
8/31/2023	Jul '23	0.20	0.12	-0.08	1.8%	-0.2%	-1.3%
9/29/2023	Aug '23	0.20	0.10	-0.10	-0.7%	-0.3%	0.2%
10/27/2023	Sep '23	0.30	0.33	0.03	-3.3%	-0.5%	5.3%
11/30/2023	Oct '23	0.20	0.14	-0.06	0.3%	0.4%	0.8%
12/22/2023	Nov '23	0.20	0.09	-0.11	0.6%	0.2%	-0.1%
1/26/2024	Dec '23	0.20	0.15	-0.05	2.4%	-0.1%	1.3%
2/29/2024	Jan '24	0.40	0.50	0.10	1.8%	0.5%	1.7%
3/29/2024*	Feb '24	0.30	0.27	-0.03	0.2%	-0.2%	-1.0%
4/26/2024	Mar '24	0.30	0.32	0.02	0.7%	1.0%	1.6%
Average					0.4%	0.4%	0.9%
Median					0.3%	0.3%	0.8%
Win Ratio					75%	63%	75%

**4 of 4 times:  
Gain 5D later**

**3 of 4 times:  
Core PCE worse**

5/31/2024	Apr '24	0.25	-	-	-1.1%	-	-
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Source: Fundstrat, Bloomberg

\* Feb 2024 PCE data released on Good Friday, Release day price reaction is calculated based on the following Monday.

Ahead of the PCE release on Friday, Lee pointed out that market movements after PCE data have generally been positive since 2023 – particularly when stocks have been down in the week leading up to the release. “Four out of four times, after PCE was released, stocks were higher a week later,” Lee pointed out, “and, interestingly, that was true even though, in three out of four of those instances, PCE came out worse than expected.” This can be seen in our Chart of the Week

## Recent Flash Insights



[fsi-flash-insights]

## FSI Video: Weekly Highlight



### Key incoming data

- 5/28 9:00 AM ET: Mar S&P CoreLogic CS home price **Tame**
- 5/28 10:00 AM ET: May Conference Board Consumer Confidence **Tame**
- 5/28 10:30 AM ET: May Dallas Fed Manuf. Activity Survey **Tame**
- 5/29 2:00 PM ET: May Fed Releases Beige Book **Tame**
- 5/30 8:30 AM ET: 1Q S 2024 GDP **Tame**
- 5/31 8:30 AM ET: Apr PCE Deflator **Tame**
- 6/3 9:45 AM ET: May F S&P Global Manufacturing PMI
- 6/3 10:00 AM ET: May ISM Manufacturing PMI



- 6/4 10:00 AM ET: Apr JOLTS Job Openings
- 6/4 10:00 AM ET: Apr F Durable Goods Orders
- 6/5 9:45 AM ET: May F S&P Global Services PMI
- 6/5 10:00 AM ET: May ISM Services PMI
- 6/6 8:30 AM ET: 1Q F Nonfarm Productivity
- 6/6 8:30 AM ET: Apr Trade Balance
- 6/6 8:30 AM ET: 1Q F Unit Labor Costs
- 6/7 8:30 AM ET: May Jobs Report
- 6/7 9:00 AM ET: May F Manheim Used vehicle index


Live Webinar with Tom Lee

## Granny Shots & Market Update Webinar

The Most Timely of Our Granny Shots

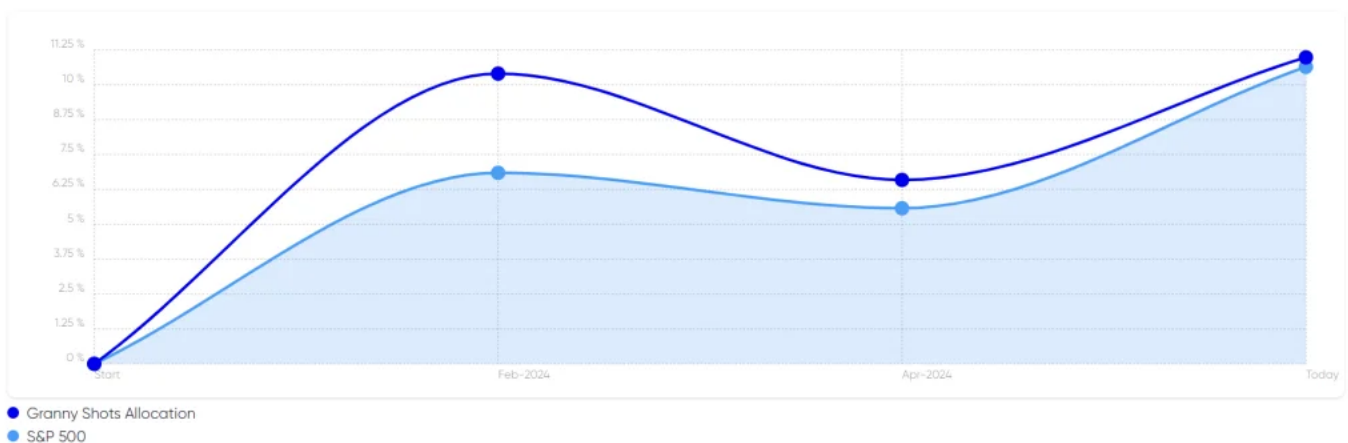
Tuesday, May 21  
2pm ET

[Watch Replay Now](#)



## Stock List Performance

Year to Date Granny Shots Performance





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## *In the News*

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[fsi-in-the-news]

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