

Why Stocks Rose This Week

Ahead of the meeting of the Federal Open Markets Committee on May 1, recent inflation prints had **some speculating** that Fed Chair Jerome Powell might signal a future **hawkish pivot** and hint at possible rate hikes soon. Fundstrat Head of Research **Tom Lee saw it differently**.

After the meeting, the Fed left rates unchanged and announced its intentions to **slow its quantitative tightening** (QT). Powell also reiterated the **central bank's overall confidence** and its base view that **inflation is going to fall** throughout the year. That led Lee to conclude: "The **hawks were wrong**. The Fed remains dovish."

For Fundstrat Washington Policy Strategist Tom Block, a key moment came when Powell was asked about the possibility of rate hikes: "I think it is **unlikely** the next move will be an **increase**," Powell said. To Block, a Beltway veteran of many press conferences, "Powell and his staff anticipated such a question. It was clear that **his response** had been **well-rehearsed and intended to pre-empt** that line of questioning."

Powell also told reporters that **strong labor markets do not preclude** the possibility of rate **cuts**. "I just want to be careful that **we don't target wage growth** or the labor market," he said, hinting that the Fed might **consider easing if the labor market weakens**. On the heels of soft job numbers on Friday, those remarks could take on added significance. In Lee's view, **soft jobs numbers could inject confidence** into the markets, pull forward the **odds of a cut**, and break the market's current pattern of "two steps forward, one step back."

On Apple



Head of Technical Strategy Mark Newton has observed that “Since the latter part of December, Apple has fallen from almost 200 down to 160.” That has affected not just its shareholders, but the **market as a whole**, given that **Apple (\$AAPL) is roughly 8% of the S&P 500** and almost 12% of the \$QQQ. On Friday, Apple finally broke its downtrend, moving above \$180 in response to a post-close Thursday earnings report which the Cupertino company **beat estimates** and announced a \$110 billion **share buyback** program and dividend increase. The “**confirmed breakout**” puts Technology and equities in general on “**much better footing**,” in Newton’s view.

FSI Sector Allocation Strategy

These are the latest strategic sector ratings from Head of Research Tom Lee and Head of Technical Strategy Mark Newton – part of the May 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.



Macro Research

Sector ETF Allocations – Strategic Sector Ratings

Macro
Thomas Lee



Technical
Mark Newton



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

Source: Fundstrat

▶ Live Webinar and Q&A

Thursday, May 9 @ 4pm ET

Fireside Chat with Tom Lee & Zeta: The AI-Powered Marketing Cloud

Reserve Your Seat!



Chart of the Week

S&P 500: Chopping higher since April 19th



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For stocks, April was the worst month of the year so far, ending 4% down from its levels on April 1. It was the first down month for all three major indices since October 2023. Much of that pain was inflicted in the first half of the month, and the second half of the month saw equities enter what Fundstrat Head of Research Tom Lee describes as our current “two steps forward, one step back” market, rising though choppy trading as illustrated by our Chart of the Week. Lee sees the possibility that Friday’s soft job numbers could break this pattern.

Recent \searrow Flash Insights

[fsi-flash-insights]

FSI Video: Weekly Highlight



Key incoming data

- ~~4/29 10:30 am ET: Apr Dallas Fed Manufacturing Activity Survey~~ **Tame**
- ~~5/1 9:45 AM ET: Apr F S&P Global Manufacturing PMI~~ **Tame**
- ~~5/1 10:00 AM ET: Apr ISM Manufacturing PMI~~ **Tame**
- ~~5/1 10:00 AM ET: Mar JOLTS Job Openings~~ **Tame**
- ~~5/1 2:00 PM ET: May FOMC Decision~~ **Dovish**
- ~~5/2 8:30 AM ET: 1Q P Nonfarm Productivity~~ **Tame**
- ~~5/2 8:30 AM ET: Mar Trade Balance~~ **Tame**
- ~~5/2 8:30 AM ET: 1Q P Unit Labor Costs~~ **Mixed**
- ~~5/2 8:30 AM ET: Mar F Durable Goods Orders~~ **Tame**



- ~~5/3 8:30 AM ET: Apr Jobs Report~~ **Tame**
- ~~5/3 9:45 AM ET: Apr F S&P Global Services PMI~~ **Tame**
- ~~5/3 10:00 AM ET: Apr ISM Services PMI~~ **Tame**
- 5/7 10:00 AM ET: Apr F Manheim Used vehicle index
- 5/10 10:00 AM ET: May P U. Mich. Sentiment and Inflation Expectation

Granny Shots Stock List

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

*Absolute over same time period

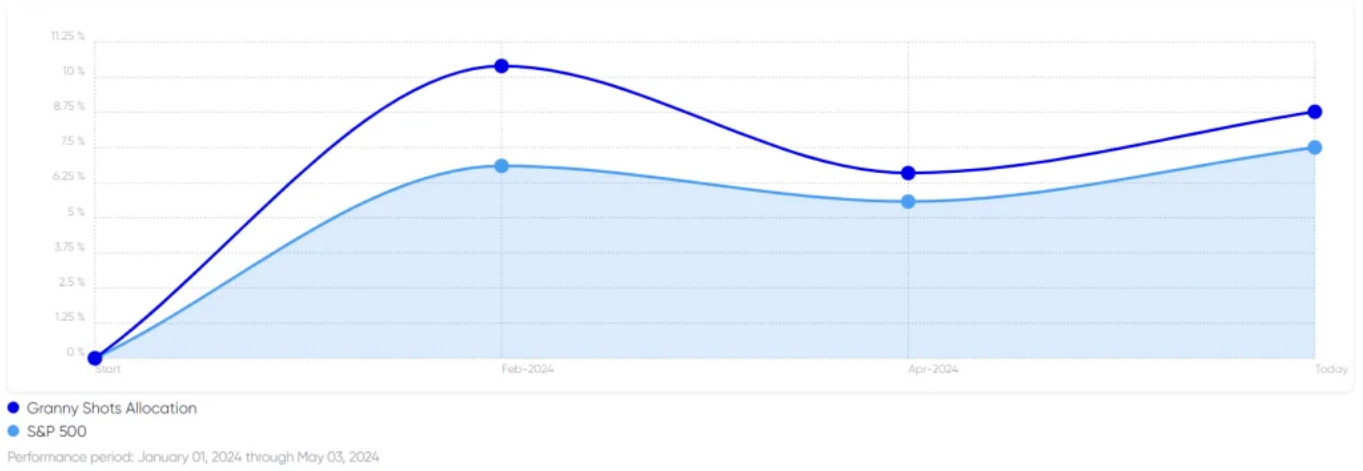
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Year	S&P 500 (%)	Granny Shots (%)
2019	0	0
2020	~20	~20
2021	~40	~100
2022	~60	~140
2023	~70	~160
2024	~80	~180

Stock List Performance



Year to Date Granny Shots Performance



In the News

[fsi-in-the-news]

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