

Are New All-Time Highs in Store?

“Just get through August.” That’s what Fundstrat Head of Research Tom Lee has been telling clients for the past month, and we are now most of the way there. Since 1928, the most common month for a summer bottom has been August, and the most common week for it has been the first week of August. Evidence continues to suggest that 2024 is following that pattern, with markets having now fully recovered from Tokyo Black Monday (August 5) as we are about to enter the last week of the month.

Mark Newton, our Head of Technical Strategy, agreed that **“we’ve managed to snap back in very good fashion.** I agree with what Tom wrote this week, when he said **markets could push back to new all-time-highs** as we approach Labor Day [September 2]. Based on current trends, I expect that we are en route to 5700-5750.”

Newton did sound a cautionary note at our weekly research huddle, however. “The road **after that is likely going to get tougher**, and I suspect that we are getting closer to a time when stocks will consolidate – though I also think any consolidation will prove to be short-lived. Still, there are some warning signs that are starting to creep up on the horizon that weren’t present before. So, from Labor Day until the election in November, I want to emphasize that I don’t think it’s going to be a straight shot. I think it’s going to be a lot choppier.”

The week’s most significant macro event was **Federal Reserve Chair Jerome Powell’s speech at the annual Jackson Hole Economic Symposium.** Lee anticipated dovish remarks. **“‘Real’ interest rates** – measured by taking Fed Funds and subtracting Core PCE YoY – are just too high” in his view, and **significantly higher than they were ahead of his dovish remarks at the 2023 Jackson Hole symposium.** “Real rates have never been this restrictive at a time when inflationary pressures are ebbing and when labor markets are softening,” he noted.

On Friday, Powell was, as Newton put it, “**perhaps more dovish than anyone might have expected**.” The real key statement for me from Powell came when he said, “**The time has come for policy to adjust,**” Powell even lightly alluded to the possibility of a larger 50 bp cut in September when he said, “The timing and pace of rate cuts will depend on incoming data, the evolving outlook, and the balance of risks.”

Live Webinar with Tom Lee

Market Update & Top Stock Ideas

The Most Timely of Our Granny Shots

Wednesday, Aug 21
2pm ET

[View Replay Now](#)




Chart of the Week

Lee’s constructive market outlook is also supported by investors’ inflation expectations. “Market-based inflation expectations 12 months from now, as measured by OIS inflation forward 1Y-1Y, are currently at 3.2%, their lowest levels in four years. There were three prior similar nadirs in this OIS forward metric – in July 2022, May 2023, and January 2024. Three out of three times, we saw equities rally strongly after the nadir.” We see this in our Chart of the Week. “If you’re wondering why this happens, we think it’s because such nadirs mark points at which inflation fears ebbed and investors therefore responded by going ‘risk on,’” he noted.

Recent Flash Insights

[fsi-flash-insights]

FSI Video: Weekly Highlight



Key incoming data

- ~~8/19 9:00 AM ET: Aug M Manheim Used vehicle index~~ **Tame**
- ~~8/21 2:00 PM ET: Jul FOMC Meeting Minutes~~ **Dovish**
- ~~8/22 8:30 AM ET: Jul Chicago Fed Nat Activity Index~~ **Tame**
- ~~8/22 9:45 AM ET: Aug P S&P Global Manufacturing PMI~~ **Tame**
- ~~8/22 9:45 AM ET: Aug P S&P Global Services PMI~~ **Tame**
- ~~8/22 10:00 AM ET: Jul Existing Home Sales~~ **Tame**
- ~~8/23 10:00 AM ET: Jul New Home Sales~~ **Tame**
- 8/26 10:00 AM ET: Jul P Durable Goods Orders
- 8/26 10:30 AM ET: Aug Dallas Fed Manuf. Activity Survey



- 8/27 9:00 AM ET: Jun S&P CoreLogic CS home price
- 8/27 10:00 AM ET: Aug Conference Board Consumer Confidence
- 8/29 8:30 AM ET: 2Q S 2024 GDP
- 8/30 8:30 AM ET: Jul PCE Deflator
- 8/30 10:00 AM ET: Aug F U. Mich. Sentiment and Inflation Expectation

 **Live Webinar and Member Q&A**

Markets in Turmoil: Where Do We Stand?

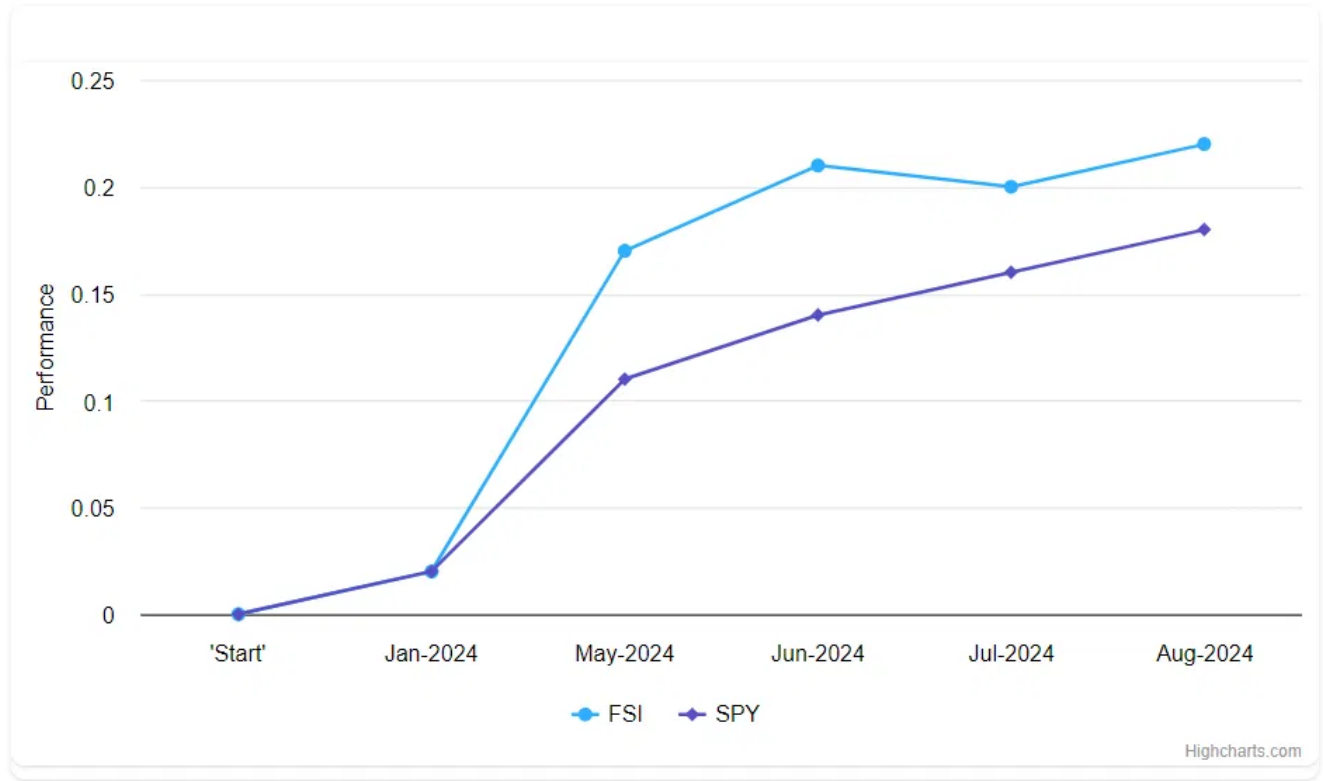
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Stock List Performance



Upticks Against the SPY (Year to Date)



Performance period: January 01, 2024 through August 23, 2024

In the News

[fsi-in-the-news]



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