

Why Further Gains Are Possible After Choppy Week

Last week provided what Fundstrat Head of Research Tom Lee described as **“whipsaw” action**, consistent with his expectations for an “iffy” period for equities investors leading up to the election. Early on, investors **worried over** the possibility of escalating hostilities in the **Middle East**, as well as the path and potential impact of **Hurricane Milton**. As the week continued, some also eyed the impending release of **inflation data** warily.

The September CPI print showed inflation **falling on a YoY basis, but** it nevertheless came in **higher than expected**. In Lee’s view, “We think this report will have **little effect on the Fed’s thinking** on future cuts, and thus, we expect this to be not meaningful for stocks in the near term.”

“The CPI print **didn’t really structurally change the outlook** for inflation risk,” Head of Data Science Ken Xuan said during our weekly research huddle. “And from what I can see in the **minutes for the September 18 FOMC meeting** [which were released Wednesday], largely all of the participants saw **inflation risk as diminishing**, so the Fed has shifted back to its dual mandate.”

Lee agreed. “The reality is that the Fed is focused more on the employment numbers, and the **Fed is now dovish** largely to support the economy,” he told us.

This week gave Head of Technical Strategy Mark Newton reasons to maintain a near-term constructive view. “One of the main short-term positives is that **structure continues to be very bullish**,” he told us. “We just saw the S&P 500 break out back to new all-time highs, as did the Dow. To me, this is very constructive in the short run, by which I mean the next one or two weeks, and I think it’s possible that **next week we could see a pretty good push** [for the S&P 500] up to near 5,835, or maybe even the area around 5,850.”

That's consistent with Lee's intermediate-term view. "We think investors should **expect turbulence into Election Day**, but the **dips are buyable** because there is too much cash on the sidelines," he said.



Live Webinar and Member Q&A

Market Update & Election Outlook

October 30, 2024


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Head of Research


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Chart of the Week

For Fundstrat's Tom Lee, the important thing to note about the latest CPI data is that the internals show inflation continuing to cool. Specifically – and as shown in our Chart of the Week, the percentage of CPI components in outright deflation continues to rise, coming in at a new high for this cycle of 44%.

Recent Flash Insights

[fsi-flash-insights]

FSI Video: Weekly Highlight



Key incoming data

- ~~10/7 9:00 AM ET: Aug F Manheim Used Vehicle Index~~ **Tame**
- ~~10/8 6:00 AM ET: Sep Small Business Optimism Survey~~ **Tame**
- ~~10/8 8:30 AM ET: Aug Trade Balance~~ **Tame**
- ~~10/9 2:00 PM ET: Sep 18 FOMC Meeting Minutes~~ **Dovish**
- ~~10/10 8:30 AM ET: Sep CPI~~ **Tame**
- ~~10/11 8:30 AM ET: Sep PPI~~ **Tame**
- 10/11 10:00 AM ET: Oct P U. Mich. Sentiment and Inflation Expectation
- 10/14 11:00 AM ET: Sep NY Fed 1yr Inf Exp
- 10/15 8:30 AM ET: Oct Empire Manufacturing Survey





- 10/17 8:30 AM ET: Sep Retail Sales Data
- 10/17 8:30 AM ET: Oct Philly Fed Business Outlook
- 10/17 9:00 AM ET: Sep M Manheim Used Vehicle Index
- 10/17 10:00 AM ET: Oct NAHB Housing Market Index
- 10/17 4:00 PM ET: Aug Net TIC Flows

▶ Live Webinar with Mark Newton

Live Technical Analysis

October 3, 2024 @ 2pm ET

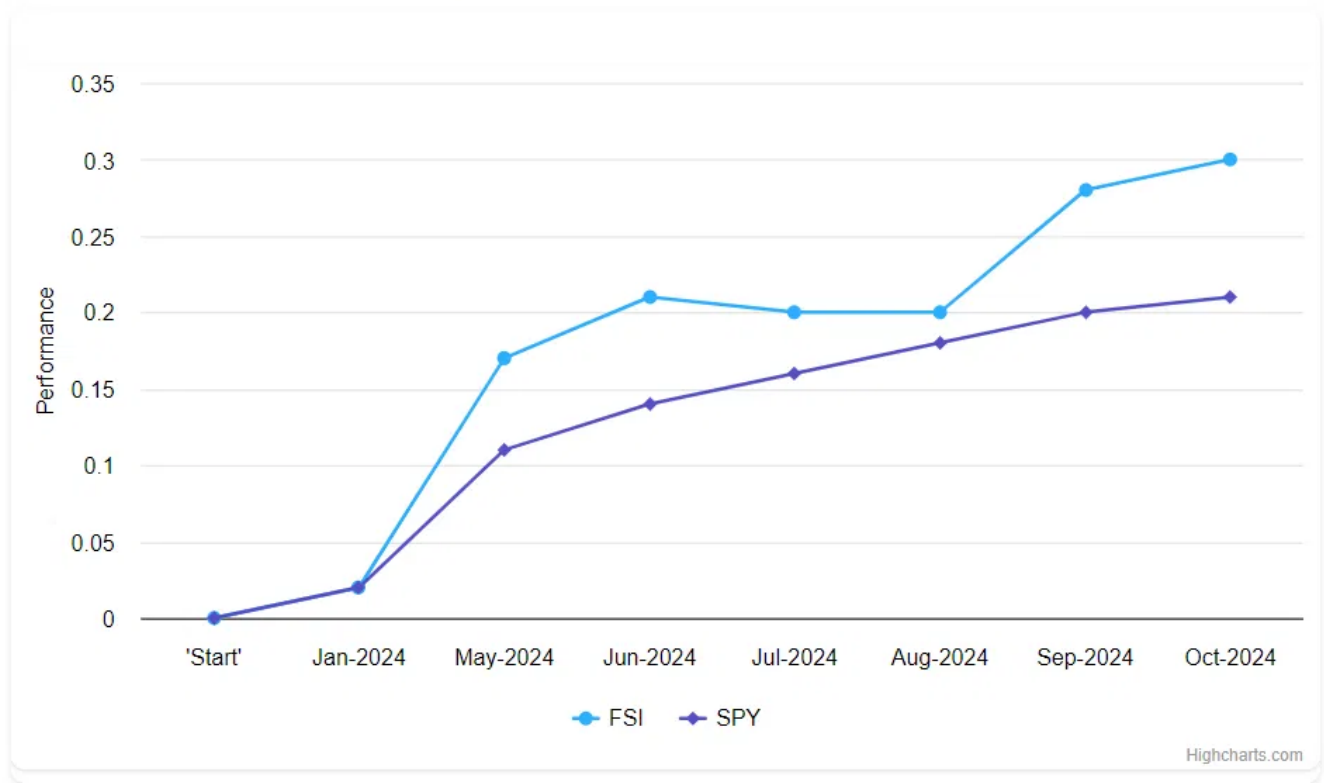
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Stock List Performance



Upticks Against the SPY (Year to Date)



Performance period: January 01, 2024 through October 12, 2024

In the News

[fsi-in-the-news]



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