

Friday, June 21, 2024

Market Outlook

Intermediate Term: Bullish

PORTFOLIO STRATEGY

 Equity: 72%
 Cash: 1%

Today's Market Movers

	IMPACT
✓ Global Shares Lower	+
✓ GILD Pops on HIV Drug Results	+
✓ SRPT Soars on FDA Approval	+
✓ SWBI Drops on Sales Guidance	-

Recent Research Review

ADSK, MRNA, IQV, WMB, BUD, LYFT, SRE, BP, AEE, PPC, JNPR, ORCL, CMG, TPR, DPZ, EOG, COST, PLTR, COR, VRTX

Statistics Diary

12-Mth S&P 500 Forecast:	4800-5600
S&P 500 Current/Next EPS:	247/265
S&P 500 P/E:	22.16
12-Mth S&P P/E Range:	18.1 - 21.1
10-Year Yield:	4.26%
12-Mth 10-Yr. Bond Forecast:	3.50-4.50%
Current Fed Funds Target:	4.62%
12-Mth Fed Funds Forecast:	4.50-5.50%

	PREVIOUS CLOSE	200-DAY AVERAGE
DJIA:	39134.76	37058.23
S&P 500:	5473.17	4831.39
NASDAQ:	17721.59	15160.55
Lrg/Small Cap:	1.48	1.37
Growth/Value:	2.07	1.86

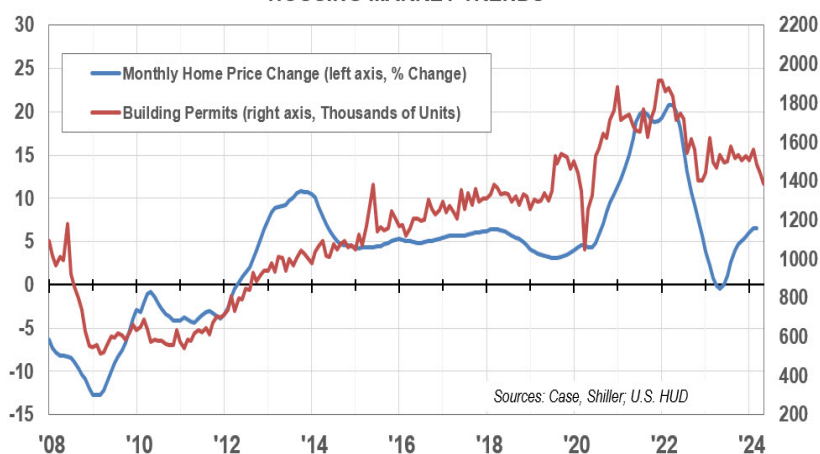
	CURRENT	RANKING
Five-Day Put/Call:	1.00	Positive
Momentum:	346000	Neutral
Bullish Sentiment:	44%	Positive
Mutual Fund Cash:	1.70%	Negative
Vickers Insider Index:	3.42	Negative

DAILY SPOTLIGHT

Housing Sentiment Slumps

Mortgage rates near 7% are pushing prospective buyers to the sidelines and could turn housing to a drag on 2Q GDP after a strong contribution to 1Q growth. "Millions of potential homebuyers have been priced out of the market by elevated home prices and interest rates," according to The State of The Nation's Housing report, which was published yesterday by Harvard's Joint Center for Housing Studies. Fannie Mae's Home Purchase Sentiment Index for May dropped by 2.5 points to an all-time survey low of 69.4. Just 14% of consumers said that it is a good time to buy a home, down from 20% in April. Doug Duncan, Chief Economist at Fannie Mae, said "While many respondents expressed optimism at the beginning of the year that mortgage rates would decline, that simply hasn't happened, and current sentiment reflects pent-up frustration with the overall lack of purchase affordability." Based on the June 20 GDPNow estimate from the Atlanta Fed, residential fixed investment is expected to be a small drag (about 5 basis points) on 2Q GDP after contributing 57 basis points to GDP growth in 1Q. Residential fixed investment is poised to decline by an annualized 1.3% in 2Q after 15.4% growth in 1Q, according to the Nowcast. Yesterday, the Commerce Department reported May Housing Starts of 1.28 million at a seasonally adjusted annual rate, down from 1.58 million year earlier. This morning, we expect the National Association of Realtors to report May Existing Home Sales of 4.10 million (SAAR), down from 4.23 million in May 2023. Next week, we expect the Commerce Department to report May New Home Sales of 640,000 (SAAR), down from 741,000 a year earlier. The S&P/Case-Shiller National Home Price Index jumped 6.5% in March. We expect it to rise about 4.5% for April. The Zillow Home Value index rose by 4.3% in April and 4.3% in May. High mortgage rates are a challenge, but we remain bullish on the sector because demographics point to strong demand amid a decades-long shortage of affordable homes.

HOUSING MARKET TRENDS



STOCKPICKER'S CORNER

Williams-Sonoma, Inc. (NYSE: WSM)

BUY

Williams-Sonoma continues to demonstrate that it is one of the most innovative retailers of products for the home and a leader in enabling customers to shop however they want to shop. The company has built market-leading brands from scratch and continues to do so. On March 13, WSM raised the dividend by 26%, its sixth hike since the start of the pandemic, and replaced the remnants of a previous repurchase plan with a new \$1 billion authorization.

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