

Macro Roundup Article

Headline: [S&P; 500 Returns +11% In 1Q 2024 As Rally Broadens Beyond Mega-Cap Tech](#)

Article Link: <https://www.gspublishing.com/content/research/en/reports/2024/04/03/e4f43580-a239-4bdc-836e-be5271f12092.html>

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Tweet: During the tech bubble in 2000, the tech sector made up 33% of the S&P; 500 but only 14% of net income. Today it makes up 30% and 20% respectively, as the current rally broadens beyond mega-cap tech stocks.

Summary: The S&P 500 returned 11% in 1Q 2024 reaching a new all-time high and posted the strongest 1Q return since 2019. While strong performance by several of the largest mega-cap tech stocks (MSFT, NVDA, AMZN, GOOGL, META) helped lift the index, market breadth improved in 1Q and the equal-weight S&P 500 also rose (+7%). Components of the YTD return included +295 bp from better earnings expectations, +721 bp from a 7% expansion in the forward P/E multiple to 21x, and +40 bp from dividends. The index was led by Comm. Services (+16%) while Real Estate (-1%) fared the worst. Underneath the surface, Cyclical outperformed Defensives by 5pp in 1Q as the market continued to price an optimistic growth outlook amid firm economic data. In 2024, we expect S&P 500 EPS will rise by 8% but the index will remain flat at 5200 as the P/E multiple contracts slightly from its current level.

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