PHOENIX
ASSET ADVISORS, LLC

Weekly Market Recap

May 20, 2024

Market Commentary

Last Week's Highlights: Markets absorb inflation data and move higher for the 4th consecutive week. The Dow was up 1.42% last week, while the S&P 500 gained 1.77%, the Nasdaq was up 2.30%, while the Russell 2000 advanced 1.78%. Bond yields were lower last week, while bond indices moved higher. The BBgBarc Agg Bond Index was up 0.56% for the week, while short-term bonds moved higher by 0.17%. The US dollar was down last week, helping international equities. The MSCI EAFE Index gained 1.81%, while the MSCI Emerging Markets Index added 2.87%. **Economic Data:** The economic data is light, but there are multiple Fed speakers nearly every day this week. The key economic data releases this week are Redbook Sales, Building Permits, Chicago Fed National Activity Index, Initial Jobless Claims, Continuing Claims, S&P Manufacturing PMI (P), S&P Services PMI (P), New Home Sales, KC Manufacturing Index, Durable Goods Orders, & UoM Consumer Sentiment. **Earnings Releases:** Lower-end retailers and Nividia are the key earnings this week. The key earnings releases this week are PANW, ZM, SBNY, LOW, TOL, M, URBN, NVDA, TGT, SNOW, GES, INTU, MDT, WDAY, ROST, RL, HIBB, & BIG. **Takeaways:** There was good news and bad news in Tuesday's release of Producer Price Index. While the number was +0.5% for April, versus +0.3% expected, March's initial reading of +0.2% was revised lower to -0.1%. The April reading of Consumer Price Index, conversely, helped settle markets a little, which showed that consumers were paying less overall (+0.3% vs +0.4) than originally expected. According to Fed Futures, September has the highest odds (50%) of the first rate cut. In addition, 70 out of 108 economists agree that the first rate cut will happen in September. The delinquency rate of consumer debt is raising eyebrows. While delinquency rates have risen, they are not at warning levels yet when we compare current deposit demand levels to those of 2007. Demand deposits are near all-time highs and there was not a spike in demand deposits until the recession was already over in late 2008. While low-income consumers are stretched, high income consumers do not appear so. Just because we have been reaching all-time highs in multiple equity indices recently, that doesn't mean it's time to abandon equities. The data shows that investing in the S&P 500 Index at all-time highs may affect your returns in the short-term, but really ends up being a positive when holding periods are longer.

Market Returns

Sectors	1 Week Return	YTD Return
Technology	2.97%	14.76%
Industrials	-0.32%	10.58%
Energy	1.27%	14.12%
Communication Svcs	1.77%	20.22%
Basic Materials	0.35%	6.51%
Consumer Cyclical	0.35%	1.40%
Financial Svcs	1.41%	13.15%
Real Estate	2.45%	-2.53%
Consumer Defensive	0.70%	10.21%
Healthcare	1.81%	6.91%
Utilities	1.45%	15.52%

Key Indices	1 Week Return	YTD Return
S&P 500	1.77%	11.80%
Dow Jones Industrial Average	1.42%	6.90%
Russell 2000	1.78%	3.39%
Nasdaq	2.30%	11.16%
MSCI EAFE	1.81%	8.40%
BBgBarc Agg Bond	0.56%	-1.30%
60% S&P / 40% BB Agg Bond	1.29%	6.56%

Key Rates—as of 5/17/2024	
3mth T-bills	5.40%
2yr U.S. Treasury	4.81%
10yr U.S. Treasury	4.41%
Fed Funds	5.25%-5.50%

Investment Styles—1 Week Returns

Value	Blend	Growth	
1.77%	1.30%	1.85%	Large
1.30%	0.79%	1.62%	Mid
1.10%	0.60%	1.48%	Small

Investment Styles—YTD Returns

Value	Blend	Growth	
9.60%	12.96%	9.68%	Large
8.13%	7.74%	8.00%	Mid
3.12%	5.84%	3.17%	Small

See important disclosures on last page.

Recession Indicator

The current score of our Recession Indicator suggests that there is a moderate probability of a recession in the next 6-12 months. The Indicator was unchanged last week. It now stands at a level of 23. NAAIM, ANCFI, and the Financial Stress Index are at a positive levels. GDP, Housing Starts, CPI (inflation), and the Savings Rate are at moderate levels. The Yield Curve, Consumer Sentiment, Unemployment, & Wages are at levels that are typically associated with recessions. After remaining unchanged for more than 3 months, the indicator is approaching the low probability level.

Probability of Recession	
Low	30-24
Moderate	23-17
High	16-10

Source: Eudaimonia Asset Management

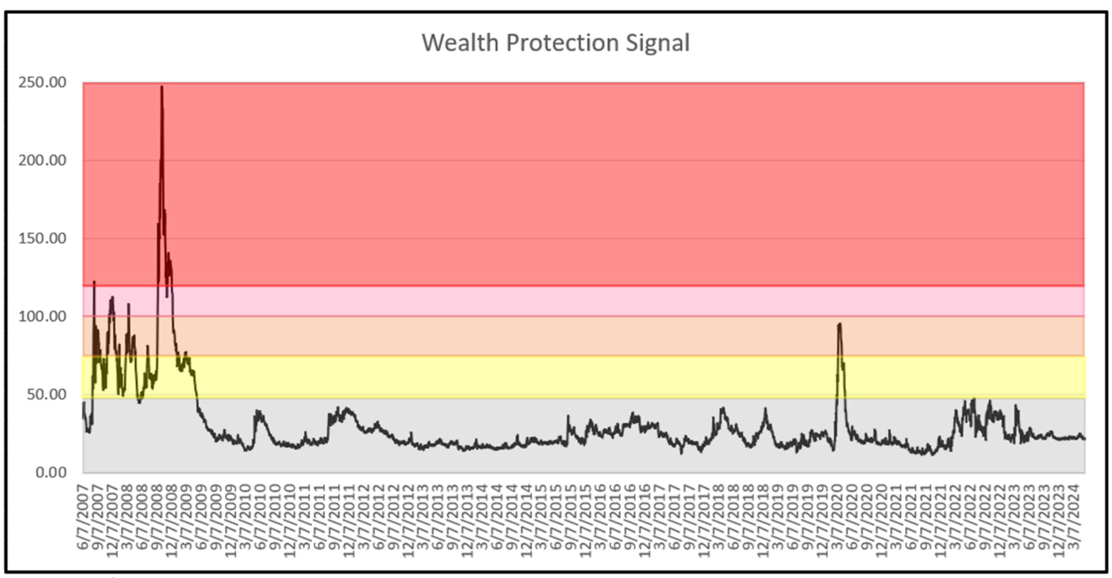
Wealth Protection Signal

Description

The Wealth Protection Signal measures panic or "fear" among investors, as well as, "volatility" in the market. The Signal is comprised of a proprietary weighting to the VIX Index (volatility) and to the TED Spread (fear). When these indices spike, major market meltdowns tend to follow. The Signal is also measured against the Yield Curve. When the 1st Cash Raise Level is reached, the Yield Curve (2yr Treasury Bond Yields > than 10yr Treasury Bond Yields) must also be inverted or have been inverted within the past 90 days in order for the 1st Cash Raise to trigger.

Current Level

The current level of the Wealth Protection Signal is at 21.40 as of Friday's close on May 17th, 2024. The Signal decreased 1.5% from the previous week's close as markets absorbed the inflation data. The Signal would need to increase 110% to reach the 1st trigger point. The Wealth Protection Signal is currently indicating that investors should have a 0% cash-weighting as a defensive position within their respective asset allocation at this time.



Source: Eudaimonia Asset Management

Cash Raise Level
40%
30%
20%
10%
0%

Current Level
21.40
5/17/2024

See important disclosures on last page.

Disclosures

Sources: Investment Style returns are derived from Morningstar, Inc. (https://indexes.morningstar.com/indexdata#). Key Rates table derived from Bloomberg. (https://www.bloomberg.com/markets/rates-bonds/government-bonds/us). Sectors and Key Indices tables are derived from Charles Schwab Advisor Center.

Recession Indicator is comprised of 10 economic measurements including, the Yield Curve, GDP, Inflation, Wage Growth, Unemployment, Housing Starts, Consumer Sentiment, Adjusted National Financial Conditions Index, the Fed's Financial Stress Index, U.S. Savings Rate, and the NAAIM (National Association of Active Investment Managers) Index.

Wealth Protection Signal is comprised of the VIX and the TED Spread Indices. The VIX Index is the Chicago Board of Options Exchange (CBOE) Volatility Index, which shows the market's expectation of 30-day volatility. The TED Spread is the price difference between 3-month futures contracts for U.S. Treasuries and 3-month futures contracts for Eurodollars having identical expiration months.

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Risk Disclosure

No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment.

All investments include a risk of loss that clients should be prepared to bear.