PHOENIX
ASSET ADVISORS, LLC

Weekly Market Recap

June 10, 2024

Market Commentary

Last Week's Highlights: Momentum stocks were back in vogue last week as investors shook off economic data and September rate cut hopes were renewed. The Dow was up 0.34% last week, while the S&P 500 gained 1.51%, the Nasdaq was up 2.82%, but the Russell 2000 declined by 2.29%. Bond yields were mixed along the yield curve, while bond indices were mostly higher. The BBgBarc Agg Bond Index was up 0.44% for the week, while short-term bonds were up 0.08%. The US dollar was slightly higher last week, but international equities were higher. The MSCI EAFE Index gained 0.66%, while the MSCI Emerging Markets Index added 2.45%. **Economic Data:** The inflation data will be the primary metric watched this week, along with the Fed's response on Wednesday. The key economic data releases this week are CB Employment Trends, NFIB Small Business Optimism, Redbook Sales, Consumer Price Index (inflation), FOMC Meeting, Producer Price Index (inflation), Initial Jobless Claims, Continuing Claims, & UoM Consumer Sentiment (P). **Earnings Releases:** The pace of earnings releases slows considerably this week. The key earnings releases this week are FCEL, ORCL, ASO, AVGO, PLAY, VRA, & ADBE. **Takeaways:** There have been many comparisons made recently to the Tech Bubble of the late '90s and the current state of the market. However, volatility and price movement between the two periods does not seem to match up. We have not seen a spike in the VIX (volatility index) as we have seen previous to bear markets in 2000, 2008, and 2020. In addition, we have still not seen a dislocation between Nasdaq stocks and S&P 500 stocks like we witnessed in 1999 and 2000. Meanwhile, the labor market is beginning, if it hasn't already, normalized. The JOLTs job openings report last week showed another decline in the number of job openings. On a per unemployed worker basis, job openings have reached pre-pandemic levels. Employers are being more selective in their hiring and current workers may not find it so easy to switch jobs. At the same time, we are not seeing mass layoffs in the labor market, so stability in the job market is evident. Last week's Jobs Report showed 272,000 jobs were added, which was higher than the market expected. The futures for a September rate cut show about a 50:50 probability, but this week's CPI report for May is expected to show little change from the previous month. Fed comments will be closely watched this week.

Market Returns

Sectors	1 Week Return	YTD Return
Technology	3.45%	19.65%
Industrials	-1.55%	7.47%
Energy	-3.55%	8.30%
Communication Svcs	1.69%	21.62%
Basic Materials	-2.33%	2.96%
Consumer Cyclical	0.50%	0.48%
Financial Svcs	-0.66%	10.43%
Real Estate	-0.25%	-4.59%
Consumer Defensive	0.31%	9.27%
Healthcare	1.94%	7.05%
Utilities	-3.76%	11.58%

Key Indices	1 Week Return	YTD Return
S&P 500	1.51%	12.81%
Dow Jones Industrial Average	0.34%	3.86%
Russell 2000	-2.29%	-0.17%
Nasdaq	2.82%	14.30%
MSCI EAFE	0.66%	8.12%
BBgBarc Agg Bond	0.44%	-1.10%
60% S&P / 40% BB Agg Bond	1.09%	7.25%

Key Rates—as of 6/7/2024	
3mth T-bills	5.40%
2yr U.S. Treasury	4.89%
10yr U.S. Treasury	4.43%
Fed Funds	5.25%-5.50%

Investment Styles—1 Week Returns

	Value	Blend	Growth
Large	-0.34%	1.15%	2.34%
Mid	-1.65%	-1.37%	-0.02%
Small	-2.88%	-1.96%	-0.95%

Investment Styles—YTD Returns

	Value	Blend	Growth
Large	8.02%	12.40%	9.91%
Mid	5.15%	5.06%	4.13%
Small	-0.85%	2.82%	0.90%

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

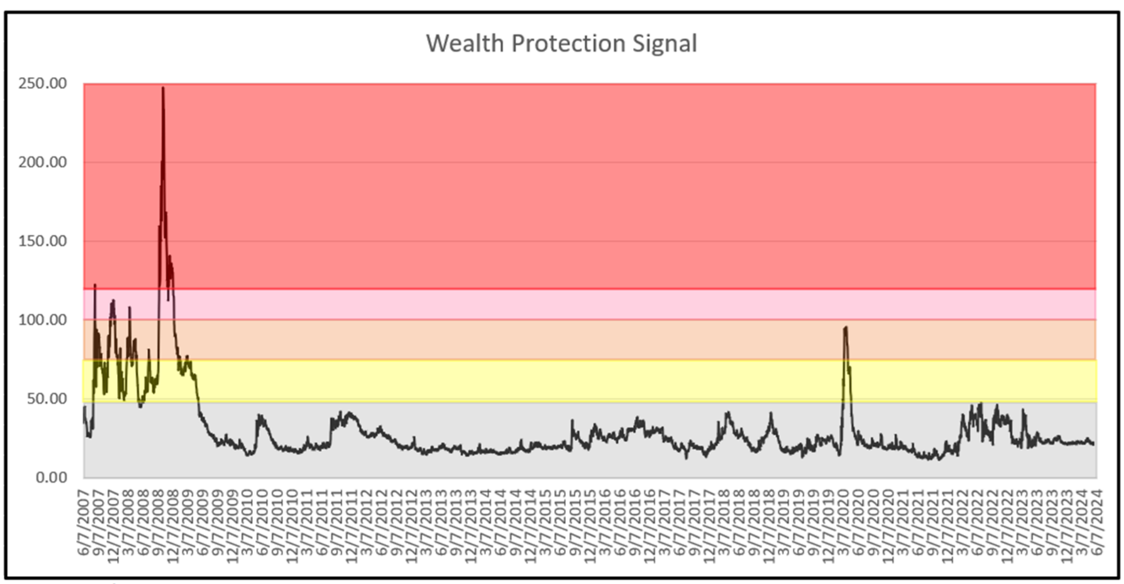
Wealth Protection Signal

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 21.53 as of Friday's close on June 7th, 2024. The Signal was down 1.7% from the previous week's close. Rate cut hopes for September were renewed, pushing equities higher. The Signal would need to increase 109% 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
21.53
6/7/2024

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

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