PHOENIX
ASSET ADVISORS, LLC

Weekly Market Recap

May 13, 2024

Market Commentary

Last Week's Highlights: Markets moved higher for the 3rd consecutive week. The Dow was up 2.27% last week, while the S&P 500 gained 1.85%, the Nasdaq was up 1.23%, while the Russell 2000 advanced 1.18%. Bond yields were mixed last week, while bond indices moved higher. The BBgBarc Agg Bond Index was up 0.10% for the week, while short-term bonds ticked higher by 0.01%. The US dollar was relatively flat last week, helping international equities. The MSCI EAFE Index gained 3.31%, while the MSCI Emerging Markets Index added 1.88%. **Economic Data:** It will be a busy week for economic data, highlighted by inflation and housing, along with multiple Fed speakers. The key economic data releases this week are NFIB Small Business Optimism, Producer Price Index (inflation), Redbook Sales, Weekly Mortgage Applications, Consumer Price Index (inflation), NY Empire State Manufacturing Index, Retail Sales, Business Inventories, NAHB Housing Market, Building Permits (P), Housing Starts, Initial Jobless Claims, Continuing Claims, Housing Starts, Philly Fed Manufacturing Index, Industrial Production, & US Leading Index. **Earnings Releases:** Consumer Discretionary and Tech names are prominent in a light week for earnings. The key earnings releases this week are PBR, SFTBY, BABA, HD, SONY, VOD, BOOT, RUM, CSCO, MNDY, M, WMT, DE, AMAT, ROST, TTWO, WIX, & UA. **Takeaways:** With 85% of S&P 500 companies having reported 1st quarter earnings results, 78% have beaten estimated earnings, which is above the 5-year average of 77% and above the 10-year average of 74%. Stocks have performed well in 2024 due to higher earnings and that is being driven by the consumer. Redbook Sales on a year-over-year basis were up 6% last week, the highest weekly increase in over 3 months. As such, the Atlanta Fed has increased their projection of 2nd quarter GDP to +4.2%, due in large part to a strong U.S. consumer. We'll find out just how strong the consumer remains with the release of April's Retail Sales figures. The Initial Jobless Claims number increased more than expected last week, but the market largely took that in stride. It will be worth watching to see if claims increased become a trend. The inflation data this week will be the primary data point investors will be watching as April's data is expected to be flat. A big miss to the upside would cause markets to doubt future rate hikes. Fed Chairman Powell speaks on Tuesday, which will keep things interesting.

Market Returns

Sectors	1 Week Return	YTD Return
Technology	1.34%	11.44%
Industrials	2.65%	10.93%
Energy	1.36%	12.68%
Communication Svcs	1.86%	18.14%
Basic Materials	2.48%	6.14%
Consumer Cyclical	0.47%	1.05%
Financial Svcs	3.06%	11.58%
Real Estate	1.92%	-4.86%
Consumer Defensive	2.52%	9.45%
Healthcare	1.76%	5.01%
Utilities	3.97%	13.86%

Key Indices	1 Week Return	YTD Return
S&P 500	1.85%	10.03%
Dow Jones Industrial Average	2.27%	5.48%
Russell 2000	1.18%	1.61%
Nasdaq	1.23%	8.86%
MSCI EAFE	3.31%	6.59%
BBgBarc Agg Bond	0.10%	-1.86%
60% S&P / 40% BB Agg Bond	1.26%	5.27%

Key Rates—as of 5/10/2024	
3mth T-bills	5.41%
2yr U.S. Treasury	4.87%
10yr U.S. Treasury	4.50%
Fed Funds	5.25%-5.50%

Investment Styles—1 Week Returns

	Value	Blend	Growth
Large	2.26%	2.36%	1.54%
Mid	2.18%	1.92%	1.68%
Small	1.96%	2.14%	0.94%

Investment Styles—YTD Returns

	Value	Blend	Growth
Large	7.70%	11.51%	7.69%
Mid	6.75%	6.90%	6.28%
Small	2.00%	5.20%	1.67%

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

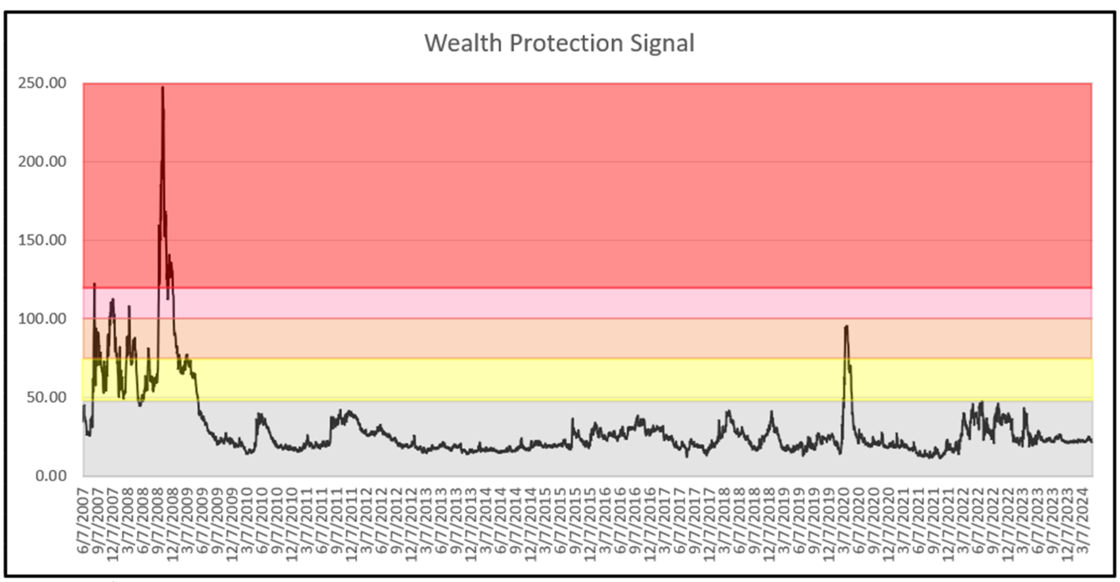
Wealth Protection Signal

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 21.73 as of Friday's close on May 10th, 2024. The Signal decreased 2.2% from the previous week's close as markets were calmed on renewed hopes of rate cuts by the Fed this year. The Signal would need to increase 107% 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
21.73
5/10/2024

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