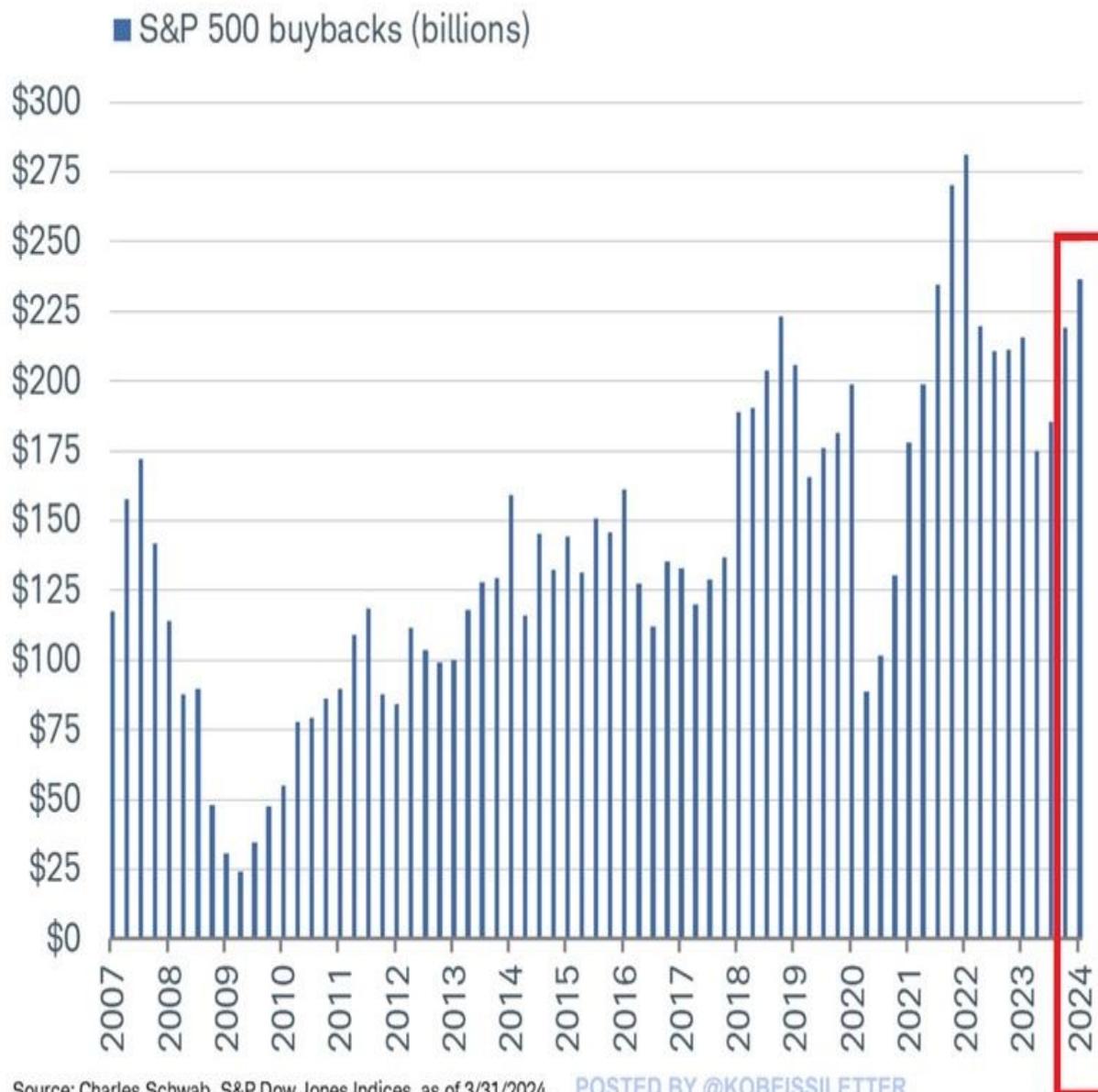




Buybacks Are Back - RIA

Over the last six-plus months, we have written plenty on how a few stocks lead the market higher while a large majority languishes. For example, in our latest Newsletter, [Bad Breadth Keeps Getting Worse](#), we wrote the following: *?With a market sitting at all-time highs, combined with robust money flows, the breadth of the market should be healthy. However, despite the market advance, the number of stocks above their respective moving averages has declined since April.?* Why is this occurring? While there are many reasons, the most impactful may be stock buybacks.

The graph below by @kobeissiletter shows that, as he highlights, \$237 billion of stock buybacks occurred in the first quarter. A similar or even greater number of buybacks likely occurred this quarter ending Friday. Furthermore, Goldman Sachs forecasts \$925 billion in buybacks this year and over \$1 trillion in 2025. Now consider that the 20 largest companies in the S&P 500 account for slightly over half of all buybacks in the first quarter. If buybacks continue at the pace Goldman expects, it will provide a nice tailwind for the largest stocks. Therefore, the bad breadth may continue longer than many think.



What To Watch Today

Earnings

Time	Symbol	Company Name	Market Cap ▼	Fiscal Quarter Ending	Consensus EPS* Forecast	# Of Ests	Last Year's Report Date	Last Year's EPS*
🕒	FDX	FedEx Corporation	\$62,420,843,045	May/2024	\$5.34	9	6/20/2023	\$4.94
⊖	WDS	Woodside Energy Group Limited	\$34,139,520,882	Mar/2024		N/A	N/A	N/A
☀️	CCL	Carnival Corporation	\$21,051,632,232	May/2024	(\$0.01)	8	6/26/2023	(\$0.31)
☀️	CUK	Carnival Corporation	\$18,903,239,148	May/2024		N/A	6/26/2023	(\$0.31)
☀️	SNX	TD SYNEX Corporation	\$11,392,967,186	May/2024	\$2.66	5	6/27/2023	\$2.37
⊖	SBSW	Sibanye Stillwater Limited	\$3,361,064,674	Mar/2024		N/A	N/A	N/A
⊖	MANU	Manchester United Ltd.	\$2,662,278,763	Mar/2024	(\$0.24)	1	6/27/2023	(\$0.09)

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Economy

Time	Event	Impact	Actual	Dev	Consensus	Previous
TUESDAY, JUNE 25						
11:00	🇺🇸 USD Fed's Bowman speech	🟡			SPEECH	🔔
12:30	🇺🇸 USD Chicago Fed National Activity Index (May)	🟡	-	-	-	-0.23 🔔
12:55	🇺🇸 USD Redbook Index (YoY)(Jun 21)	🟡	-	-	-	5.9% 🔔
13:00	🇺🇸 USD Housing Price Index (MoM)(Apr)	🟡	-	-	0.5%	0.1% 🔔
13:00	🇺🇸 USD S&P/Case-Shiller Home Price Indices (YoY)(Apr)	🟡	-	-	6.9%	7.4% 🔔
14:00	🇺🇸 USD Consumer Confidence(Jun)	🟡	-	-	-	- 🔔
14:00	🇺🇸 USD Richmond Fed Manufacturing Index(Jun)	🟡	-	-	2	0 🔔
16:00	🇺🇸 USD Fed's Cook speech	🟡			SPEECH	🔔
17:00	🇺🇸 USD 2-Year Note Auction	🟡	-	-	-	-4.917% 🔔
18:10	🇺🇸 USD Fed's Bowman speech	🟡			SPEECH	🔔

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TUESDAY, JUNE 25							
11:00	USD Fed's Bowman speech				SPEECH		
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13:00	USD S&P/Case-Shiller Home Price Indices (YoY)(Apr)		-	-	6.9%	7.4%	
14:00	USD Consumer Confidence(Jun)		-	-	-	-	
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Market Trading Update

Yesterday, we touched on the negative divergences and weakening market breadth. As we noted, while these indicators suggest internal market weakness that precedes corrections historically, the timing of such an event is always problematic. One thing these internals do suggest, from a more immediate impact view, is a limited upside to the market's advance. Over the last three days, the market has started consolidating recent gains and is working off some overbought conditions. Keep a watch on the MACD signal in the top panel. If it triggers a 'sell signal,' we will see further consolidation or a correction until that signal reverses. Such a signal would give investors a better entry point for additional exposure.

The bullish trend remains intact, and investor sentiment remains very bullish. As such, continue to maintain exposure as needed, but, as always, follow risk management protocols for rebalancing as needed.





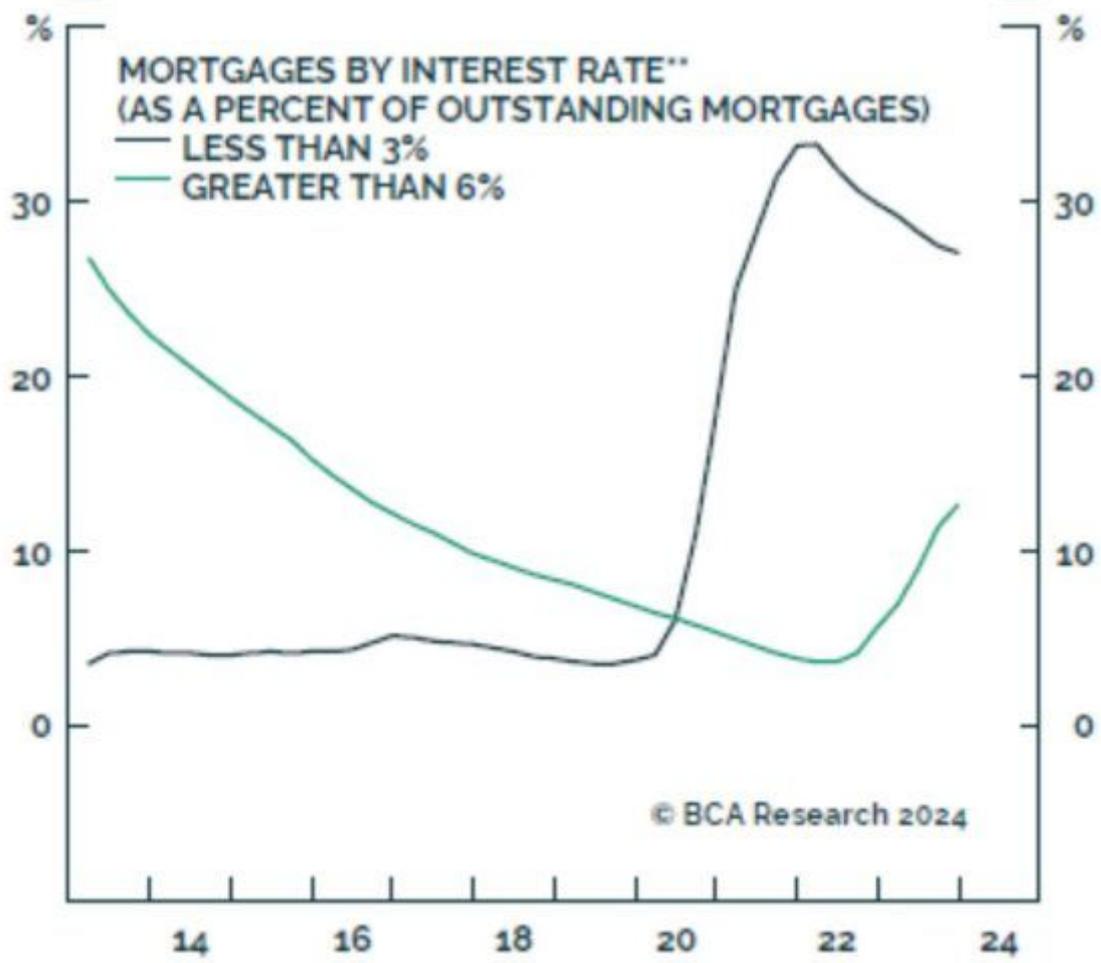
TradingView

Fed Rate Cuts May Not Help The Real Estate Market

Typically, the Fed has been able to boost economic growth with lower rates. This occurs, in part, because some debtors can refinance debt at lower rates. For example, it has become commonplace to refinance a mortgage when rates fall. Lower payments, in turn, allow consumers to spend more, thus boosting economic activity.

What has worked in the past may be much less effective the next time the Fed cuts rates. The top graph below, courtesy of BCA Research, shows that the average mortgage rate is still below 4%. Mortgage rates would have to drop by nearly 4% to entice the average borrower to refinance. The lower graph shows that about a third of mortgages are 3% or below. Those borrowers will need ten-year yields of near zero percent to refinance.

A similar construct exists in the business world. Many large corporations refinanced their debt in 2020 and 2021 when rates were historically low. If the Fed slowly decreases rates, it's quite possible the benefits will be much more limited than in the past.



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* SOURCE: UNITED STATES FEDERAL RESERVE.

** SOURCE: FHFA NATIONAL MORTGAGE DATABASE, OUTSTANDING RESIDENTIAL MORTGAGE STATISTICS.

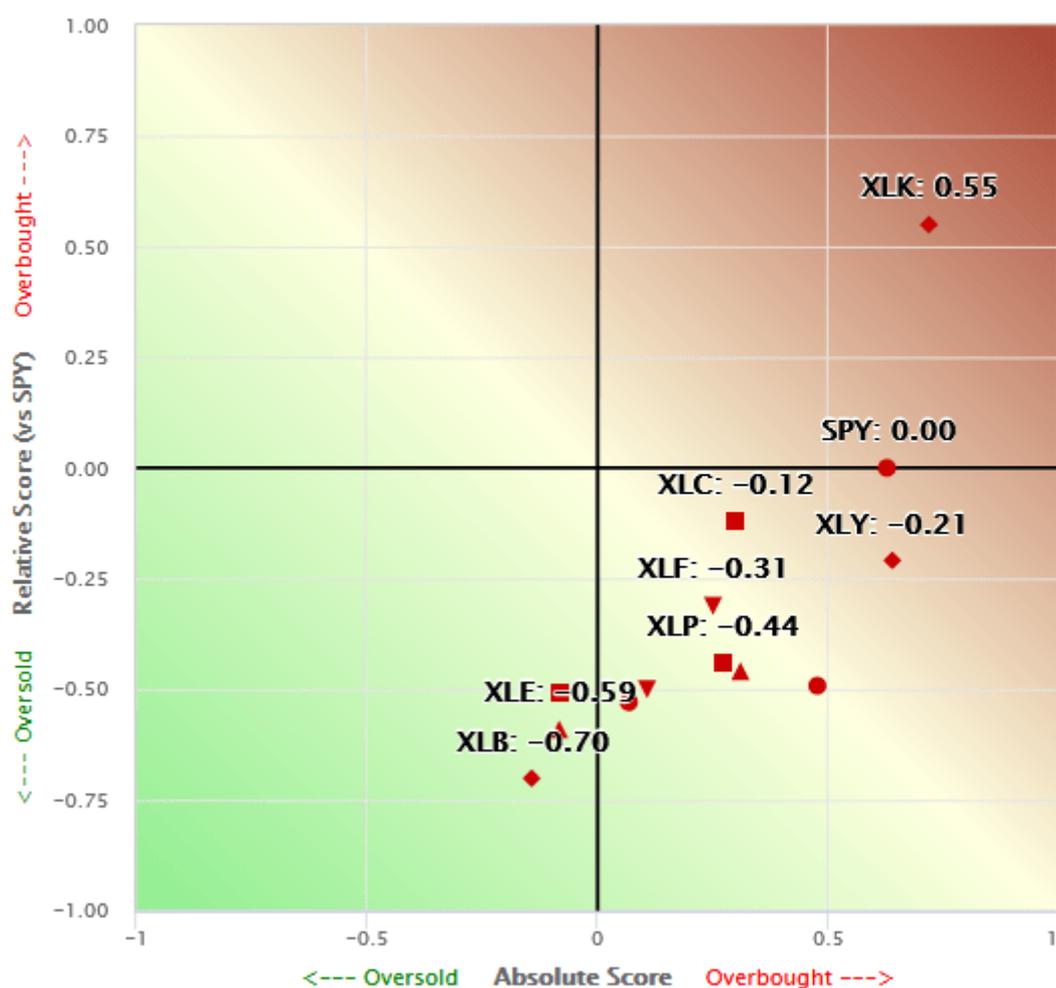
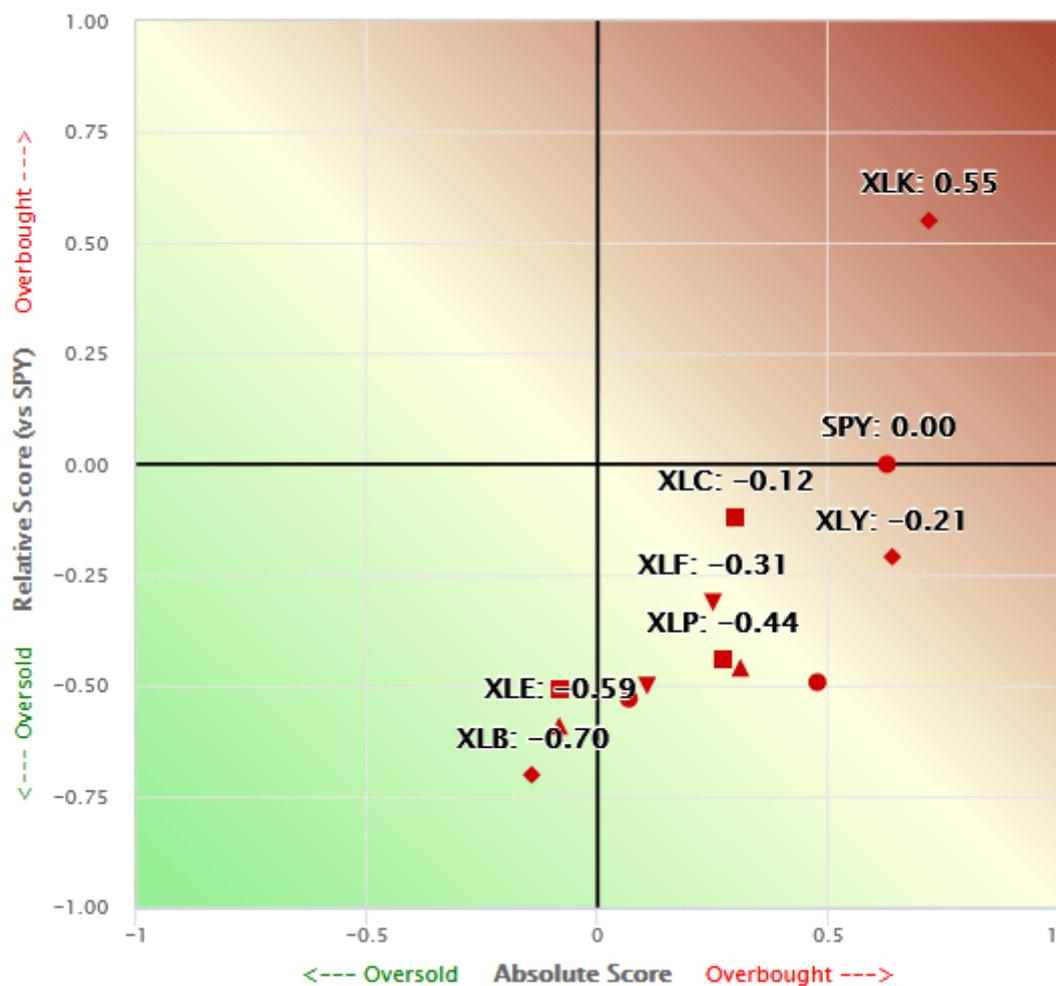


Relative Sector and Factor Analysis

Once again, technology stocks are considerably overbought on a relative analysis. At the same time, every other sector is oversold versus the S&P 500. The first graph charts each sector's relative and absolute SimpleVisor proprietary scores. XLK (technology) is the only sector with a relative score above zero. Many economically sensitive sectors (materials XLB, energy XLE, and XLI industrials) are very oversold.

The second scatter plot using stock factors and indexes is very similar. S&P 500 Growth (IVW), Megacap Growth (MGK), and Momentum (MTUM) are the only factors with positive relative scores. Many other factors are grossly oversold. The two most oversold are foreign markets (EFA and VEA). The third table shows that XLK is up 4.08% over the last four weeks. Conversely, every other sector is lower over the period. Furthermore, half of the sectors are down by 5% or more.

Lastly, the fourth table shows the price correlations of each sector versus every other sector for the last 21 days. XLK has a negative correlation to every sector, while every other sector is positively correlated to each other. The set of images below helps better appreciate the horrendous market breadth.



Factors **Sectors** Custom

SPY Excess Returns Over Time SPY Excess Return Correlat

Lookback Days: 5,20,20,20,60,60,60 **Update**

		5 days	20 days
Symbol	Name	2024-06-13 to 2024-06-21 ↑↓	2024-05-15 to 2024-06-13 ↓↕
XLK	Technology	0.32%	4.08%
XLC	Communication Services	0.91%	-0.78%
XLY	Consumer Discretionary	1.21%	-1.94%
XLV	Health Care	0.22%	-2.58%
XLP	Consumer Staples	0.74%	-3.03%
XLRE	Real Estate	-0.43%	-3.24%
XLB	Materials	-0.57%	-4.80%
XLI	Industrials	0.10%	-5.22%
XLF	Financial	0.97%	-5.71%
XLU	Utilities	-1.41%	-5.73%
XTN	Transportation	0.43%	-6.63%
XLE	Energy	0.80%	-7.94%

Factors **Sectors** Custom

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Factors Sectors Custom

SPY Excess Returns Over Time **SPY Excess Return Correlations** Excess Return Z-Score and Rank Excess Return Z-Score and Rank - Filtered

Corr. Days: 252 126 **21** edit Update Price data of 2024-06-23 17:53:58 EST Min 0 Max

Name	Symbol	XLP	XLB	XLRE	XLE	XLU	XLV	XTN	XLI	XLK	XLF	XLY	XLC
Consumer Staples	XLP		0.39	0.63	0.36	0.51	0.69	0.15	0.24	-0.65	0.59	0.38	0.46
Materials	XLB	0.39		0.46	0.60	0.57	0.27	0.62	0.56	-0.59	0.58	0.64	0.31
Real Estate	XLRE	0.63	0.46		0.36	0.75	0.60	0.40	0.40	-0.62	0.51	0.44	0.22
Energy	XLE	0.36	0.60	0.36		0.66	0.20	0.38	0.37	-0.63	0.51	0.25	0.23
Utilities	XLU	0.51	0.57	0.75	0.66		0.43	0.44	0.38	-0.75	0.53	0.27	0.35
Health Care	XLV	0.69	0.27	0.60	0.20	0.43		0.35	0.34	-0.63	0.59	0.23	0.43
Transportation	XTN	0.15	0.62	0.40	0.38	0.44	0.35		0.82	-0.50	0.55	0.60	0.36
Industrials	XLI	0.24	0.56	0.40	0.37	0.38	0.34	0.82		-0.42	0.70	0.44	0.08
Technology	XLK	-0.65	-0.59	-0.62	-0.63	-0.75	-0.63	-0.50	-0.42		-0.76	-0.33	-0.36
Financial	XLF	0.59	0.58	0.51	0.51	0.53	0.59	0.55	0.70	-0.76		0.46	0.18
Consumer Discretionary	XLY	0.38	0.64	0.44	0.25	0.27	0.23	0.60	0.44	-0.33	0.46		0.33
Communication Services	XLC	0.46	0.31	0.22	0.23	0.35	0.43	0.36	0.08	-0.36	0.18	0.33	

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Performance Analysis **Factor Analysis** Screener Stock Summary Strategy Builder

Factors Sectors Custom

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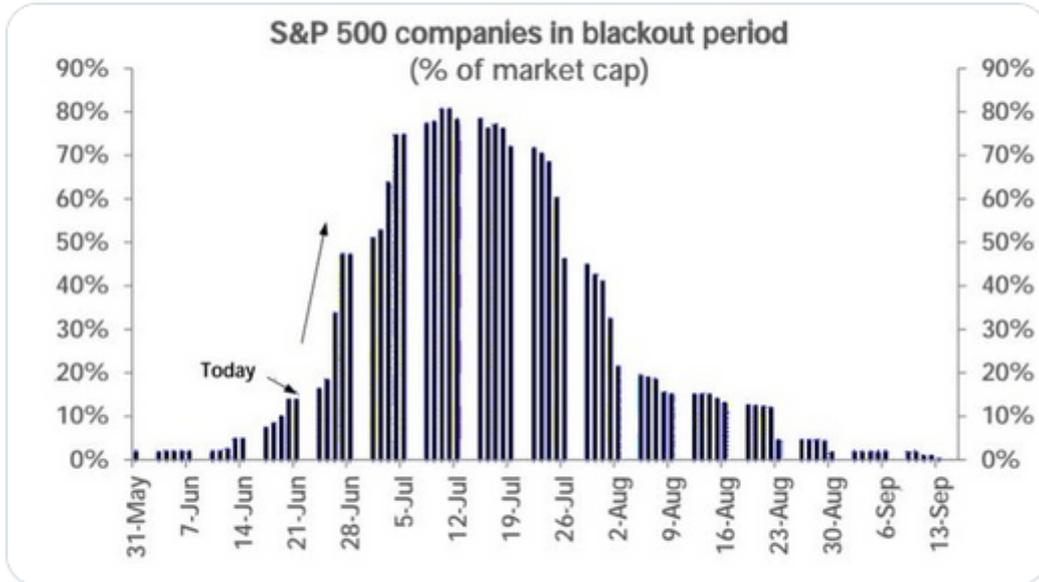
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And so begins the S&P 500 buyback blackout period . . .



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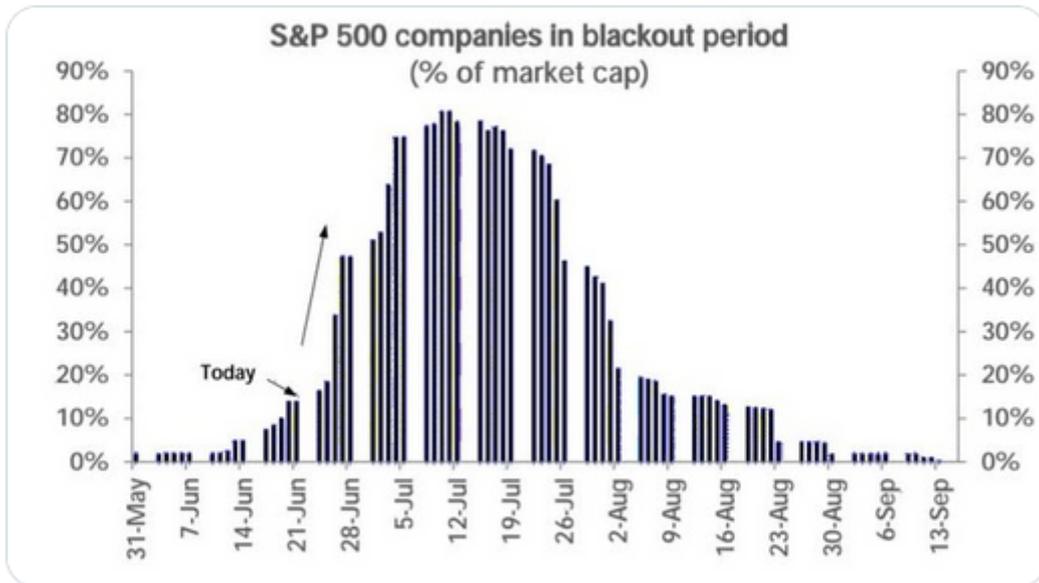
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