



Two Minutes With Todd

Supporting Charts + Commentary

May 20, 2024

Last Week's Performance



	VAL
SPDR® S&P 500 ETF Trust Price % Change	1.65%
iShares MSCI EAFE ETF Price % Change	1.62%
iShares Russell 2000 ETF Price % Change	1.85%
iShares Core US Aggregate Bond ETF Price % Change	0.55%
Invesco DB Commodity Tracking Price % Change	1.85%

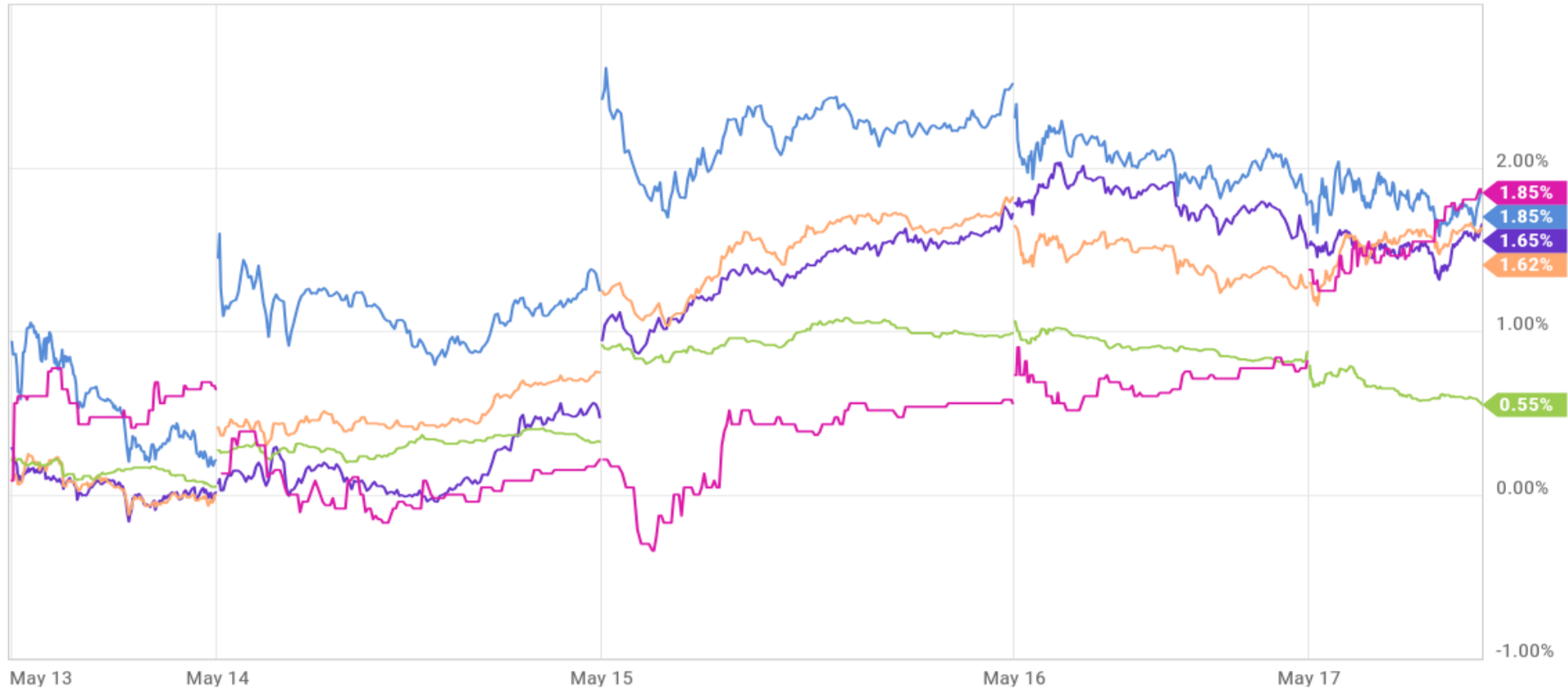
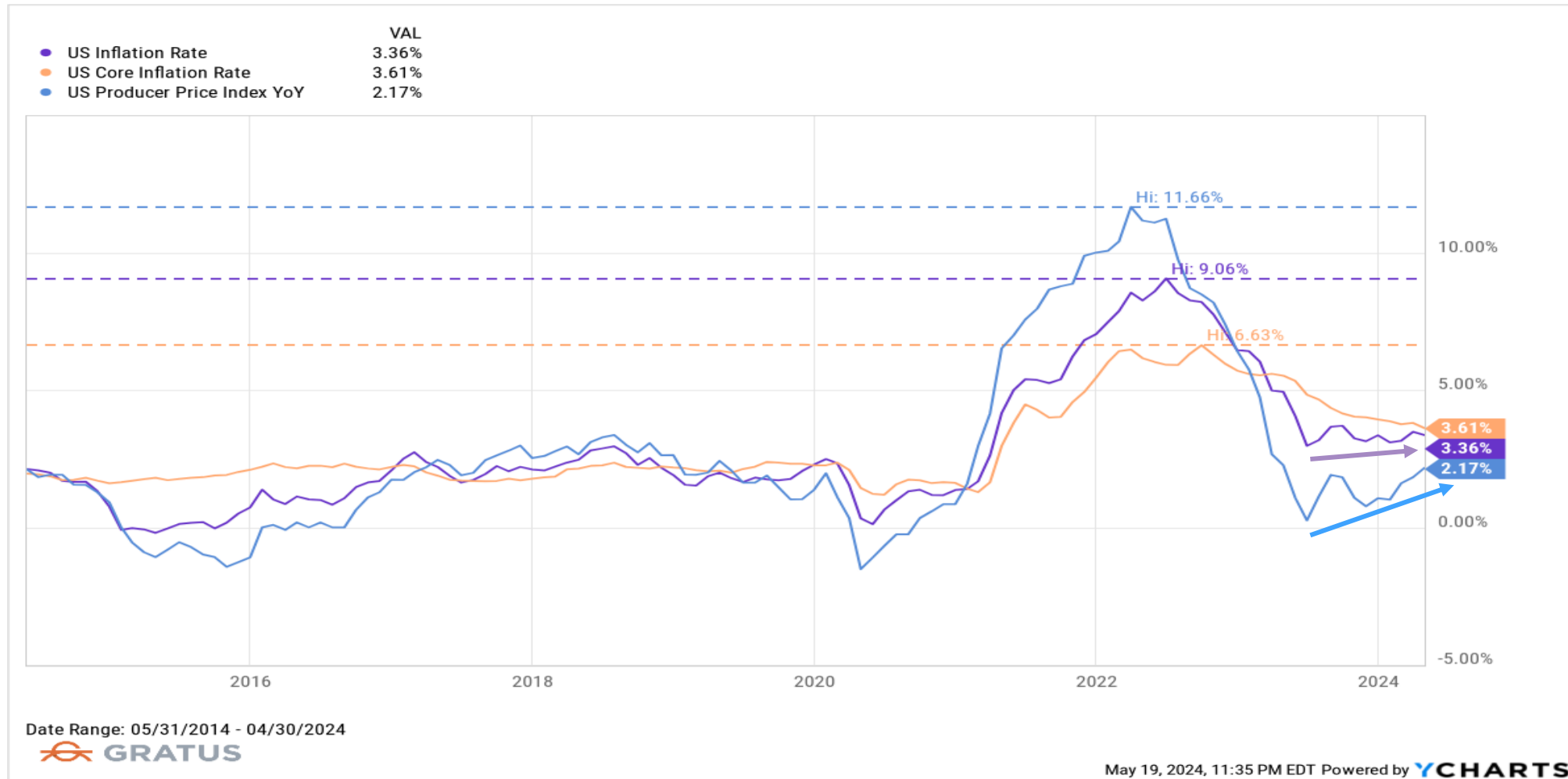


Chart #1: Inflation Cooling?



Part of the enthusiasm in the stock market last week was inspired by the “in-line” inflation reports that came out last week relating to both the Consumer Price Index (CPI) as well as the Producer Price Index (PPI). As the chart above shows, there has been a meaningful decline in inflation since peaking in early 2022. However, we remain skeptical that inflation will be able to trend much lower in the intermediate term based on a variety of factors we’ve outlined previously.

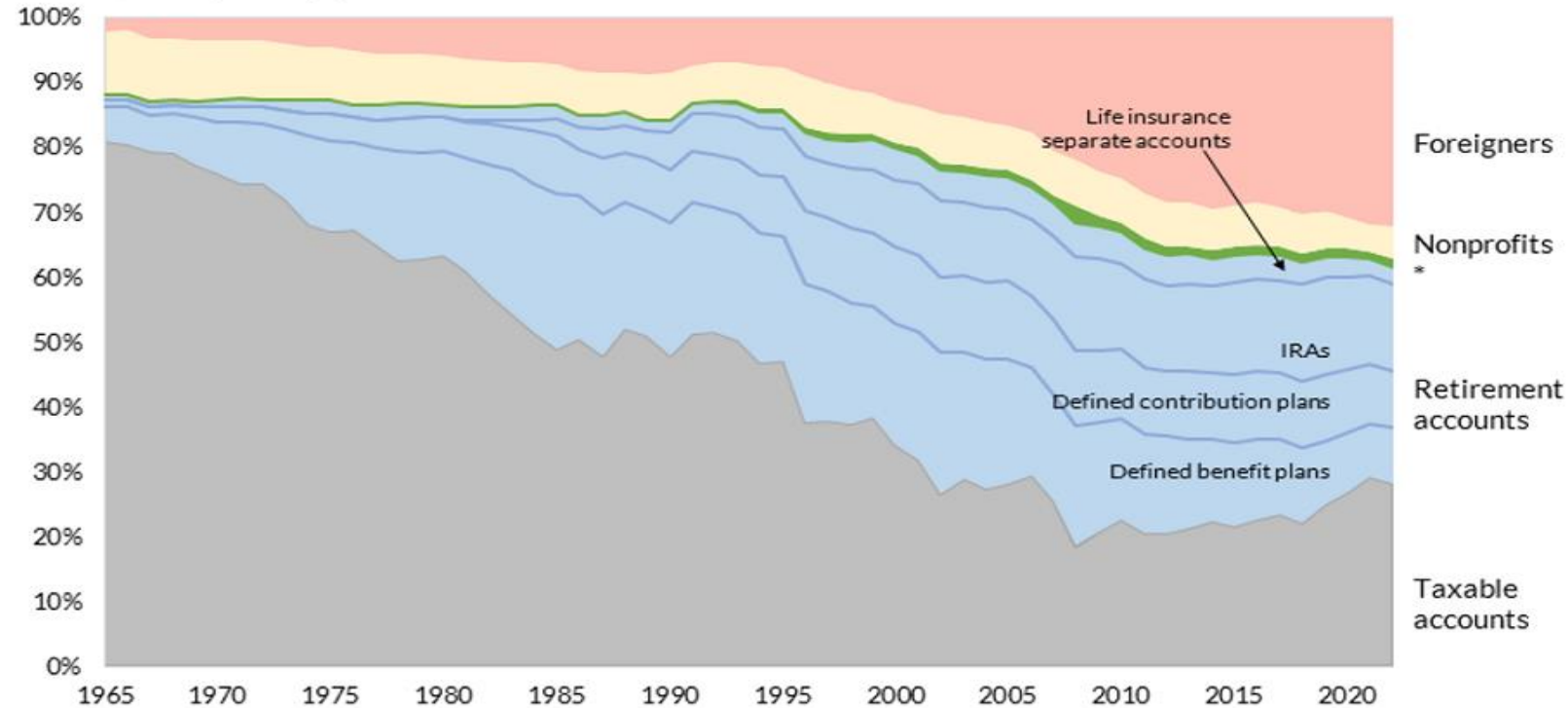
Chart #2: Increasing Foreign Stock Ownership



FIGURE 2

Ownership of U.S. Publicly-Traded Corporate Stock, 1965-2022

Direct and indirect holdings
Percent of U.S. Corporate Equity



Source: Board of Governors of the Federal Reserve System, "Financial Accounts of the United States;" Tax Policy Center Calculations
* Federal, state and local government holdings, including equity in 529 accounts

A question we've been hearing from clients is "where is the incremental demand for stocks coming from given where valuations are in the S&P 500"? As the chart suggests, a large portion of incremental demand has been coming from international buyers. This ownership evolution will be important to remember when the next draw down occurs as foreign investors can be very quick to adjust holdings if liquidity is required.

Appendix

Correction / Recession Indicators



Market Price Indicators		
Commodities Trend (50 Day Moving Average) ¹	Advancing	
S&P 500 Trend (200 Day Moving Average) ¹	Above	
High Yield Credit Spreads (579 bps ave) ²	308	
BBB Credit Spreads (172 bps ave) ²	111	
Yield Curve 10yr - 3M (175 bps ave) ²	-104	
Yield Curve 10yr -2yr ²	-42	
NYSE Advance/Decline Line (month/month) ¹	Advancing	

Economic Indicators		
Continued Unemployment Claims (mln) ²	1,693	
GDP Nowcast (1.5-2.5% ave) ⁵	3.8%	
Case-Schiller 20 Mkt HPI (y/y) ⁶	7.31%	
US ISM Manufacturing (>50= expansion) ²	49.4	
US ISM Services (>50= expansion) ²	49.2	↓
Headline Consumer Price Index (y/y) ²	3.48%	
Leading Economic Index (m/m) ²	-0.3%	

Sentiment Indicators		
CNN Fear/Greed Index ³	Greed	
AAII % Bulls Sentiment (39% ave) ⁴	40.9%	
Volatility Index (13-19 ave) ¹	11.9	↓
CBOE Total Put/Call Ratio (range = 0.9 to 1.1) ¹	0.81	
% S&P 500 Above the 200 Day Moving Average (40-60 ave) ¹	80.2%	
Total Positive	5 / 19	
Total Negative	11 / 19	

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