

## Weekly Update – May 13, 2024

Market Returns Ending 5/10/2024			
Category	1 Week	MTD	YTD
<b>US</b>			
Large Cap	1.9%	-0.5%	10.0%
Mid Cap	2.0%	-2.1%	6.3%
Small Cap	1.2%	-2.9%	2.1%
<b>International</b>			
Developed	1.2%	0.0%	6.0%
Emerging	0.2%	2.2%	4.7%
<b>Bonds</b>			
Aggregate	0.3%	-1.0%	-1.7%
High Yield	0.0%	0.0%	1.5%

US Equity Style Returns			
	Weekly		
	Value	Core	Growth
Large	2.2	1.9	1.6
Mid	2.2	2.0	1.4
Small	1.2	1.2	1.2
	YTD		
	Value	Core	Growth
Large	7.6	9.6	11.3
Mid	6.5	6.3	5.9
Small	1.0	2.1	3.2

Source: Bloomberg

### **Key Events: Inflation dampens consumers' outlook**

The University of Michigan Consumer Sentiment Survey showed an surprisingly large drop in sentiment, driven by heightened inflation concerns.

S&P 500 earnings grew at 5.4% during the first quarter,<sup>1</sup> driven by the top companies; S&P 500 earnings would have actually **declined** 2.4% without the top 5 stocks.

### **Market review: Earnings overcome inflation worries**

Positive earnings results supported stock returns for the week, despite inflation-induced volatility. Equities are trading on hopes for continued positive earnings for 2024.

International stocks and high yield bonds gained as the market rewarded riskier assets.

### **Outlook: Staying anchored to what matters**

Despite the outsized influence of the top 5 companies in Q1, analysts remain optimistic, expecting S&P 500 earnings to grow 11.1% in 2024 with double digit growth from the rest of the index - the "other" 495 stocks. This broadening of earnings growth is crucial for success in 2024.

Volatility in the short-term data—good earnings but bad inflation—reminds us we need an anchor. Despite the short-term noise, the most important thing about investing is **staying invested**. Long-term discipline is the key to wealth accumulation.

The Berkshire Hathaway annual meeting was held last weekend; 99% of Warren Buffet's net worth has been accumulated after he made his first billion dollars at age 56. **Time in the market matters** to the most successful investors – those with discipline.

Our long-term discipline helps investors remain invested through whatever may come in the short term: soft landing, inflation, or recession.



***"The biggest thing about making money is time.***

***You don't have to be particularly smart, you just have to be patient."***<sup>ii</sup>

Net Worth of  
**WARREN BUFFETT**



**OneAscent Navigator Outlook: May 2024**

### VALUATION

- The shift from 7 expected 2024 rate cuts to just 1 has led to a decline in valuations.
- International stocks are a compelling value, trading at a greater discount than normal.
- Corporate bond premiums have narrowed, but bond yields remain attractive relative.

### ECONOMY

- US leading indicators remain in negative territory but are recovering from their lows.
- Core PCE – The Fed's preferred inflation gauge – is trending down despite some higher monthly readings in 1Q 2024.
- Profit margins are forecast to continue their recovery from 2022 lows.

### SENTIMENT

- Investor sentiment, a contrarian indicator, has been bullish for several months, despite a brief decline during April's volatility.
- The Conference Board Consumer Confidence survey dropped to levels last seen during the 2022 bear market.

### TECHNICAL

- Despite short term volatility, technicals remain healthy; the number of 52-week highs and lows suggest April's pullback was normal.
- The pullback we have experienced so far is both normal and less than average – intra-year decline have averaged 14%.



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<sup>i</sup> Source: FactSet Research Systems [sp-500-earnings-growth](#) outside of top 5 contributors NVIDIA(Still to report), Alphabet, Amazon.com, Meta Platforms, and Microsoft growth would have declined 2.4%

<sup>ii</sup> Source: Finmasters.com <https://finmasters.com/warren-buffett-net-worth/> Source: [Wa en Buffett- you Just Have To Be Patient \(yahoo.com\)](#)

<sup>iii</sup> Market Returns reference the following indices: Large Cap – S&P 500, Mid Cap Growth – Russell Midcap growth, Mid Cap Value – Russell Midcap Value, Small Cap – Russell 2000, Developed – MSCI EAFE, Emerging – MSCI Emerging Markets, Aggregate – Bloomberg US Aggregate, High Yield – Bloomberg High Yield